



Mayor: Mario Garza
Mayor Pro-Tem: Leonardo “Lenny” Sanchez
Commissioners: Jesus “Jesse” Ramirez
Ernesto “Neto” Guajardo
Marco “Markie” Villegas

The City of San Juan does not discriminate on the basis of disability in the admission of, access to, treatment of, or employment in its programs, activities, or public meetings. Any individual with a disability in need of an accommodation is encouraged to contact the Office of the City Secretary at 956-223-2200 at least 24 hours prior to the scheduled meeting to make proper arrangements.

SAN JUAN CITY COMMISSION

Location: San Juan Memorial Library
Multipurpose Meeting Room
1010 S. Standard
San Juan, Texas 78589
Tuesday, October 8, 2019

REGULAR MEETING AGENDA
6:00 PM

I. CALL TO ORDER

II. INVOCATION

III. PLEDGE OF ALLEGIANCE

IV. PUBLIC COMMENTS

V. PRESENTATIONS

- A.** Presentation of the Texas Amateur Athletic Federation Award (TAAF)
- B.** Presentation on Departmental Reports: Department of Planning and Zoning, Department of Sanitation, San Juan Memorial Library and Department of Parks and Recreation.
 - 1.** Planning and Zoning Monthly Report.
 - 2.** Sanitation Department Monthly Report
 - 3.** Parks and Recreation Monthly Report
 - 4.** San Juan Memorial Library Monthly Report

VI. DISCUSSION AND POSSIBLE ACTION ON ALL THE FOLLOWING MATTERS:

- A.** Consideration and Approval to Continue to Receive the City's Share of Bingo Prize Fees Pursuant to House Bill 914, Enacted by the 86th Texas Legislature.
- B.** Consider Selection of Depository Services under RFP # 19-09-09-17.

VII. CONSENT AGENDA

- A.** Consider Second and Final Reading of an Ordinance Amending Chapter 4 – Building Standard Regulations Section 7.00: Permit Fees of Appendix A, Unified Development Code, of the Code of Ordinances of the City of San Juan, Texas, to Modify Certain Fees Relating the Building Standards Regulations of the City of San Juan.
- B.** Consider Second and Final Reading of an Ordinance for a Conditional Use Permit to Operate a Drive-in Business in a Neighborhood Commercial District (C-1) at the proposed “Xquinkles San Juan” located at 101 S. Nebraska Avenue, Suite #5, legally described as Lots 1-12, Block 3, San Juan Original Townsite Subdivision, as Requested by Alfonso Cantu.
- C.** Consider Second and Final Reading of an Ordinance for a Rezoning Request from Single-Family Residence District (R-S) to Multi-Family Residence District (R-MF) of Lots 1 and 2, Block 3, Pecan Estates Subdivision, located approximately 350 feet East of Raul Longoria Road, along the North side of Sgt. Leonel Treviño Road, as Requested by Jose Zacarias, Jr.
- D.** Meeting Minutes
 - June 7, 2019
 - June 11, 2019
 - June 17, 2019
 - June 25, 2019

VIII. EXECUTIVE SESSION

- A.** The San Juan City Commission will Convene in Executive Session, in Accordance with the Texas Open Meeting Act, Vernon's Texas Statutes and Codes Annotated, Government Code Chapter §551.071 and §551.074 (Consultation with Attorney and Texas Government Code).

1. Pursuant to Section §551.071 Consultation with Attorney; Discussion and Possible Action Regarding Issues Concerning Takeover Agreement Between the City of San Juan and the Guarantee Company of North America USA Concerning 3.5 MGD Water Treatment Plant No. 2 Project (Bond No. SS70111645).

IX. RECONVENE

- A. The City Commission will Reconvene in Open Session to Take Necessary Action if any, in Accordance with Chapter 551, Open Meeting Subchapter E, Procedures Relating to Closed Meeting 551, Requirements to Vote or Take Final Action in Open Meeting.

X. ADJOURNMENT

CERTIFICATION

I certify that the above notice of the Regular Called Meeting of the City of San Juan is true and correct; and that I posted such notice on the bulletin board. A place convenient and readily accessible to the public on the _____ in accordance with the Texas Open Meetings Act (Tex. Gov't. Code §551-041 - §551.050).

DIANA CAVAZOS
CITY SECRETARY
CITY OF SAN JUAN, TEXAS

CERTIFICATION OF REMOVAL

I certify that the agenda of items to be considered by the City Commission was removed by the City Secretary's Office from the San Juan City Hall bulletin area on the the _____ of _____, 2019.

OFFICE OF THE CITY SECRETARY



Mayor: Mario Garza
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MEMORANDUM

TO: Benjamin Arjona, City Manager

FROM: Patrick Willingham, Director of Parks and Recreation

DATE: 10/1/2019

SUBJECT: Presentation of the Texas Amateur Athletic Federation Award (TAAF)

This presentation is for the recognition of the City of San Juan Parks and Recreation Department for its outstanding work in participation, organization and training it has demonstrated throughout the year. This year the Parks and Recreation Department was awarded the Silver Member City award.



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MEMORANDUM

TO: Benjamin Arjona, City Manager

FROM: Roberto Escobar, Planning Director

DATE: 9/26/2019

SUBJECT: Planning and Zoning Monthly Report.

The City of San Juan Planning Department is busy processing subdivision plats, rezoning applications, applications for special/conditional use permits, applications for variances and undertaking other duties as listed below.

- 52 building permits were issued with a \$1,739,369.00 in total valuation.
- 155 garage sale permits were issued (\$1,550.00 in revenues).
- Provided customer service and support to 874 people and handled approximately 1,692 calls.
- The building inspectors made approximately 456 inspections.
- Six (6) permits were issued for new houses \$536,889.00 in total valuation.

HEALTH DEPARTMENT

City Inspectors started visiting all the businesses to check if the occupational licenses and health permits were up to date. Business owners are renewing their business permits with the city. A total of twenty-nine (29) business permits were renewed with a \$1,160.00 in total valuation and sixteen (16) health inspections were issued during the month of September with a \$1,625.00 in total valuation.

CODE ENFORCEMENT

Code Enforcement Inspectors received a total of eighty-five (85) complaints from residents, issued thirty (30) work orders for weedy lots, sent twenty-eight (28) certified letters, four (4) illegal dumping violations, six (6) junk vehicles, four (4) garage sales without a permit, five (5) rubbish along the streets and seven (7) building without a permit.

SUBDIVISIONS IN PROCESS

- Carroll Estates

709 S. Nebraska Ave. • San Juan, Texas 78589-2649
Phone: (956)223-2200 • Fax: (956) 787-5978

- The Trump Subdivision
- The Shops at HEB
- Black Hills Estates Subdivision
- Hacienda San Fernando Subdivision
- County Park Phase 1
- Perez-Garza Subdivision
- Kings Apartments
- Las Misiones de San Juan
- Arguello Subdivision
- Garco Subdivision

NEW BUSINESSES OPENING IN THE CITY DURING THIS MONTH

- Allstate Insurance at 1002 N. Raul Longoria Road
- El Pariante Restaurant at 205 W. Nolana Avenue
- Marcela Resendez Insurance at 101 S. Nebraska Avenue
- The King Boxing Academy at 205 W. Nolana Avenue
- Magnolia Event Center at 205 W. Nolana Avenue
- Triple Plus at 2411 N. Veterans Boulevard

SUBSTANTIAL BUILDING PERMITS ISSUED OR PROCESSED IN THE PAST MONTH

- Second Phase for Commercial Plaza at 1002 N. Raul Longoria Road
- PSJA ISD Swimming Pool at 805 W. Ridge Road

CONDITIONAL AND SPECIAL USE PERMITS IN PROCESS

- Conditional Use Permit to allow a mechanic shop in a commercial area at 3705 N. Raul Longoria Road

REZONING REQUEST

- 1903 N. Raul Longoria Road from Single-Family Residence District (R-S) to Neighborhood Commercial District (C-1)
- 12.77 acre tract along Carroll Road from Neighborhood Commercial District (C-1) to Single-Family Residence District (R-S)

METROPOLITAN PLANNING ORGANIZATION

The Department represents the City of San Juan in the Metropolitan Planning Organization (MPO) Technical Advisory Committee for County-wide transportation planning. Meetings are attended monthly.

SEPTEMBER 2019 MONTHLY REPORT

Activity	Total	Valuation	Fees
Commercial	0	\$ -	\$ -
Apartments	0	\$ -	\$ -
New Residence	6	\$ 536,889.00	\$ 2,259.66
Additions	1	\$ 12,000.00	\$ 85.58
Repair/Renew/Remodel/Re-Inspect	16	\$ 931,503.00	\$ 4,617.60
House Moving	0	\$ -	\$ -
Mobile Homes	2	\$ 21,000.00	\$ 220.00
Carports/D-ways/Sidewalk/Concrete	6	\$ 7,602.00	\$ 275.18
Fences	8	\$ 9,370.00	\$ 193.26
Storage Rooms/Porches/Signs	9	\$ 66,709.00	\$ 434.23
Misc.	4	\$ 154,296.00	\$ 830.55
Total Permits	52	\$ 1,739,369.00	\$ 8,916.06
Plumbing	27	\$ -	\$ 2,725.00
Electrical	45		\$ 4,596.00
Mechanical	18	\$ -	\$ 2,210.00
Occupational Licenses	29	\$ -	\$ 1,160.00
Demolitions	1	\$ -	\$ 100.00
Garage Sale	155	\$ -	\$ 1,550.00
Total Permit:	275		\$ 12,341.00
Grand Total:	327	\$ 1,739,369.00	\$ 21,257.06

Code Enforcement

September 2019 Report

J. Munoz & A. Ortegon, Code Enforcement

Illegal Dumping	4
Work Orders	30
Commercial, Abandoned & Junked Vehicles	6
Garage Sale Signs & W/out Permits	4
Rubbish	5
Banners & Temp. Signs	0
Fowl Odor	0
Building w/o Permit	7
Certified Letters	28
Complaints Filed in Court	0
Towed, Abandoned & Junked Vehicles	0
Street Vendor	0
Conducting Business in Residence	1
Total Code Enforcement Activities	85
Monica Gomez, Zoila Martinez & Janie Soto	
Total In-Person	874
Total Call-in's	1692

Inspections Department

September 2019 Report

A. Jaramillo, J. Estrada & I. Cano Building Inspectors

Setbacks	4
Foundation	23
CSI /Backflow	5
Nail Pattern	11
Framing/Poly-Seal/Windstorm	18
Rough Electrical	46
Rough Plumbing	17
Rough Mechanical	16
Vents & Pipes	18
Sewer	12
Gas	1
Driveway/Sidewalk	23
Insulation	33
Infiltration	14
Final	31
Occupational Inspection	4
Mobile Home Inspection	0
House Inspection	1
Plan Review	57
Permit Sign Off	42
Other	80
Total Activities	456



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MEMORANDUM

TO: Benjamin Arjona, City Manager

FROM: Roel Garza, Sanitation Director

DATE: 10/1/2019

SUBJECT: Sanitation Department Monthly Report

Sanitation Department

- Solid Waste Collection ran on schedule all month
- Brush Pickup ran on schedule all month
- Drop off Site – 537 residents
- Residential – 580.65 Tons
- Commercial – 972.14 Tons
- Roll-Off – 93.44 Tons 25 loads (commercial rental)
- Brush – 580.07 & 132 loads of brush

Central Garage

- Open 11
- Closed 24
- 6 Residential Side Loaders operating
- 1 Commercial Side Loaders operating
- 2 Commercial Front Loaders operating, 1 Commercial Front Loader down (recall)
- 3 Brush truck operating, 1 Brush Truck down
- 1 Brush tractor (grapple) operating
- 3 Brush Grapple Truck operating, 1 Brush Grapple Truck down
- 3 Roll-Off Trucks operating, 1 Roll-off trucks down

Sanitation Code Enforcement

- Citizen contacts 58
- Violation Notices 7
- Report on weedy lots 31
- Tagged illegal parked vehicles 9
- Court cases filed "pending" 6

Recycling

- Cardboard: 11.92 tons / \$612.16
 - White Paper: 0.64 tons / \$70.40
 - Office Paper: 0.96 tons / \$87.00
 - Curbside: 2.44 tons / \$0.00
 - Alum Cans: .27 tons / \$20.14
 - Tin cans: 0.15 tons / \$15.60
 - Scrap Metal: 3.60 tons / \$432.00 (Sanitation Department)
 - E-Waste 5 pieces / \$70.00
 - South Texas 48 Pallets / \$48.00
 - Maria Cruz 10 Pallets / \$10.00
-
- Total Tons/Revenue 20.66 tons / \$1,231.90
 - Walk-Ins 549

Streets Department

ROW-

9/10/2019 City crew trimmed easement at the following locations: San Antonio and 13th St. Trimmed three alleys between San Antonio and I Rd and picked up trash bags and tires. Picked up debris on a vacant lot on Taylor St., Hampton St. debris and Mayfair St, 505, trimmed corner at Hall Acres Rd and Nebraska St (Robert, Daniel, Miguel)

9/11/2019 City crew trimmed at the following locations: Moore Rd and San Antonio St next to utility pole, from San Antonio W. on Moore Rd picked up concrete on the easement on Valencia St. from Lincoln St to Standard St trimmed and used the blower, San Antonio, D & L Apartment trimmed a tree. (Daniel, Miguel)

9/16/2019 City crew trimmed at the following location: Standard St. (Miguel, Robert, Lupe)

9/17/2019 City crew trimmed at the following locations: E. 6th St between Kansas St and Iowa St (Robert, Daniel, Miguel)

9/18/2019 City crew trimmed at the following locations: San Antonio St , Standard St Lincoln St, Retama, trimmed a tree on San Antonio and San Houston St South West Side. (Robert, Daniel, Miguel)

9/20/2019 City crew trimmed and mowed trees at the following locations: 11th St and Nebraska South East Side. (Robert, Daniel, Miguel)

9/23/2019 City crew trimmed at the following locations: 11th St East on the curve next to canal is, 6th St and Kansas St (Robert, Daniel, Miguel)

9/24/2019 City crew trimmed at the following locations: 14th St and Ohio St. (Daniel, Miguel)

9/26/2019 City crew trimmed at the following locations: Zapata St and E. 2nd St

(Robert, Daniel, Martin. Miguel)

Street Signs –

9/4/2019 City crew trimmed branches at the following locations: 9th St and Lincoln St so the stop sign would be visible

9/7/2019 City crew painted school cross walk at the following location: Sam Houston and Stewart Rd, pick up tires at station. (Raudy, Lupe Pruneda, Alex)

9/12/2019 City crew repaired a Stop Sign at the following locations: E. Sam Houston and Sun Set St. (Raudy, Alex, Lupe Pruneda)

9/19/2019 City crew repaired a Stop Sign at the following locations: Sun Chase (Raudy, Alex)

Alley's –

9/4/2019 City crew clean Sanitation Department upstairs attic and the garage and also assist in draining out the water at the Post Office parking lot. (Robert, Daniel, Miguel)

9/4/2019 City crew was at the following locations: Wednesday at Citrus pumping water out of the street, Pablo and Richard cleaned the Sanitation Department picked up trash and cleaned the utility trailer. (Pablo, Richard Ramirez, Tomas, Armando Cordova)

9/5/2019 City crew mowed and trimmed grass and picked up trash in the alley at the following locations: Athols St (Raudy, Lupe Pruneda, Alex)

9/5/2019 City crew mowed and trimmed at the following locations: El Dora Rd. and Retama St. (Armando Cordova, Tomas, Pablo, Richard Ramirez)

9/6/2019 City crew trimmed and use blower at the following locations: Retama St Sioux Rd, Firemans Park. (Armando Cordova, Richard Ramirez, Pablo, Tomas)

9/6/2019 City crew mowed grass and picked up trash at the following locations: Retama St , Sioux Rd. (Lupe, Raudy, Alex)

9/9/2019 City crew mowed and trimmed at the following locations: Sanitation Department

Hall Acres, San Antonio St., Moore Rd. (Armando Cordova, Tomas Pablo, Richard Ramirez)

9/9/2019 City crew trimmed alleys at the following locations: W.1st St., W. 2nd St W. 3rd St., W. 4th St. and picked up brush at Nebraska St. (Raudy, Lupe, Alex)

9/9/2019 City crew trimmed and mowed four alleys at the following locations: between San Antonio and I Rd, San Antonio and Bears Trail (Robert, Daniel, Miguel)

9/10/2019 City crew mowed and trimmed at the following locations: W. El Dora Rd, trimmed at two locations: W. Moore Rd, San Antonio St, mowed Souix Rd (Tomas, Pablo, Armando Cordova, Richard Ramirez)

9/11/2019 City crew mowed at the following locations: E. El Dora St, Nebraska St, mowed and trimmed at W. and E. Minnesota Rd, Dominion Place. (Tomas, Pablo, Armando Cordova, Ricardo Ramirez)

9/11/2019 City crew mowed grass in the alleys at the following locations: Strip between Citrus St and Ebony St and N I Rd nearest to 1st St. (Lupe Pruneda, Alex)

9/12/2019 City crew trimmed and mowed in the alleys at the following locations: D& L Apartments between King St and San Antonio St., two alleys going North on King St up to Hwy 83 (Right of Way), trimmed branches on 14th St. (Robert, Daniel, Miguel)

9/12/2019 City crew mowed and trimmed at the following locations: E. Nolana (Tomas, Pablo, Armando Cordova, Ricardo Ramirez)

9/13/2019 City crew mowed and trimmed at the following locations: Sgt Trevino and washed the truck and greased the tractors. (Tomas. Pablo, Armando Cordova, Ricardo Ramirez)

9/13/2019 City crew trimmed trees at the following locations: next to Dollar Tree, behind

Church's (Robert, Daniel, Miguel)

9/16/2019 City crew trimmed at the following locations: Standard St, San Diego St, Los Ebanos St. Standard St., Salazar St., Hazel St., Hazel St., (Miguel, Robert, Lupe)

9/16/2019 City crew trimmed and mowed at the following locations: Sgt Trevino St, Old 83 by Rail Rd by canal East Side, W. Side old 83 by Rail Rd. (Tomas, Pablo, Raudy, Alex, Richard Ramirez)

9/17/2019 City crew did a total of three alleys at the following locations: Nebraska St and Lincoln St starting on W. 12th North to 8th St, between 8th St and 7th St, between 10th St and 11th St, between E. Nebraska St and Kansas St, between 11th St and 12th St (Robert, Daniel, Miguel)

9/17/2019 City crew trimmed and mowed at the following locations: Nebraska St, and two places E Ridge Rd, corner of Old 83 and Nebraska St. (Armando Cordova, Ricardo Ramirez, Tomas, Pablo)

9/18/2019 City crew went to the following locations: San Juan Library picked up wood and cleaned inside the trash container area mowed and trimmed at the following locations: Ridge Rd, San Antonio St, Moore Rd. (Tomas, Pablo, Richard Ramirez, Lupe Pruneda)

9/18/2019 City crew mowed alleys at the following locations: between Standard St and San Antonio from 10th St North to Old Hwy 83. (Robert, Daniel, Miguel)

9/18/2019 City crew sprayed round - up in the alleys at the following locations: between W. 9th St, W. 10th St., E. 7th St, E. 8th St. (Raudy, Alex)

9/19/2019 City crew trimmed and mowed at the following locations. 1st St, Carrol St, Lincoln St and 1st St., Cesar Chavez next to La Lupe, corner of Ridge Rd and Stewart Rd, corner Hall Acres and Stewart Rd, corner of Cesar Chavez and Old 83, Cougar and Chaparral also pick up papers and trash at W. 1st St. (Tomas, Pablo, Richard Ramirez, Lupe Pruneda, Raudy, Alex)

9/19/2019 City crew pick up junk in the alleys at the following locations: E. alley of Trailer Park, North west 12th St between Standard St and Lincoln St up to Old 83, picked up tires and brush in the alley, (Robert, Daniel, Miguel)

9/19/2019 City crew trimmed and mowed at the following locations: W. 1st St from I Rd to Cesar Chavez (Raudy, Alex)

9/20/2019 City crew trimmed and mowed at the following locations: Sam Houston St, Cesar Chavez Sun Set little pond. (Tomas, Pablo, Richard Ramirez, Alex, Lupe Pruneda)

9/23/2019 City crew trimmed alleys in the following locations: behind San Juan Hotel, and next to Business 83 (Robert, Daniel, Miguel)

9/23/2019 City crew attended Open Enrollment at the library, then started mowing and trimming at the following locations: Sanitation Department, Rail Rd on Raul Longoria next to Rail Rd tracks. (Tomas, Pablo, Richard Ramirez)

9/24/2019 City crew mowed and trimmed at the following locations: Hall Acres St, Nebraska St, San Antonio St. (Tomas, Pablo, Richard Ramirez)

9/25/2019 City crew mowed and trimmed at the following locations: Moore Rd, by the cemetery, Sam Houston St alley next to Trailer Park, S. Nebraska St and 13th St, Campo Verde St., Corner of Frontage and Raul Longoria St next to O'reilly's, and Jessie's Mufflers, Old 83 next to San Juan Gardens Trailer Park (Tomas, Pablo, Richard Ramirez)

9/26/2019 City crew trimmed and mowed at the following locations: Stewart Rd next to empty field, Corner of Stewart Rd and Old 83, Zapata St, Morelos St, Corner of E. 2nd St, Santa Fe St. (Pablo, Daniel, Richard Ramirez)

9/27/2019 City crew trimmed and mowed at the following locations: Alameda St, W.

Amy St, Guadalupe Dr., in front of Sprint and next to Bank of America. (Tomas, Pablo, Richard Ramirez, Martin)

Street and Alley patching–

9/5/2019 City crew repaired potholes at the following locations: I Rd and Moore Rd, Liberty Loop. (Raudy, Alex, Lupe)

9/10/2019 City crew repaired pot holes at the following locations: Hall Acres Rd, Castillo Dr. E. Ridge Rd, Monte Grande St., Gardenia Drive, Lilly Drive, Chula Vista Drive, W. Ridge Rd. (Raudy, Alex, Lupe)

9/11/2019 City crew repaired pot hole at the following locations: Intersection of E. 3rd St and N. Kansas St,

9/17/2019 City crew repaired pot holes at the following locations: Border Breeze, Plumeria St, Minnesota Rd. (Lupe Pruneda Alex)

9/23/2019 City crew repaired pot holes at the following locations: San Cristobal St, W. 14th St, S. Nebraska St, also assist to throw brush at the landfill. (Alex, Lupe)

9/24/2019 City crew repaired several pot holes not only this address on the following locations but some Streets and Neighborhoods 515 Hunee Rd, 1008 Washingtonia Palm St, Sioux Rd right before Caesar Chavez. (Alex, Lupe Pruneda)

9/25/2019 City crew repaired two major pot holes at the following locations: 7th St, San Antonio St, Shufford St. (Alex, Lupe Pruneda)

9/26/2019 City crew repaired pot holes at the following locations: Letica St. Little Joe St., Standard St, Alameda St, W. Ridge Rd, instructed to check a tree over grown at 227 E. 9th St. (Alex, Lupe Pruneda)

Trimming Trees –

9/3/2019 City crew trimmed tree branches at the following locations: Lincoln from 14th St, North to Old Hwy 83, trimmed branches hanging over the side walk at Monte Grande St. (Robert, Daniel, Miguel)

9/4/2019 City crew trimmed a tree at the following locations: 1610 Scotty. (Robert, Daniel, Miguel)

9/5/2019 City crew trimmed branches at the following locations: corner of Retama St and Sgt Trevino St., and pick up twenty bags from Iowa St and 8th St. (Robert, Daniel, Miguel)

9/6/2019 City crew trimmed at the following locations: Stop Sign on Iowa St and 11th St, Iowa St., 8th St., 9th St., 10th St 7th St. Wyoming St and 2nd St , Iowa St and 4th St trimmed a tree on the corner Nebraska St and 9th St., trimmed a tree at the right of way, 302 E. 6th St vacant lot trimmed easement and clean curb, trimmed trees on E. 6th St, then washed and cleaned the truck (Robert, Daniel, Miguel)

9/12/2019 City crew trimmed at the following locations: W. 3rd St. (Raudy, Alex, Lupe Pruneda)

9/20/2019 City crew trimmed trees in the alleys at the following locations: South Side of Dollar General Building. (Robert, Daniel, Miguel)

9/24/2019 City crew trimmed limbs at the following locations: Corner of E. 13th St (Daniel, Miguel)

9/25/2019 City crew trimmed trees at the following locations: Sanitation Department trimmed trees and branches at two places South Side Police Department, Ridge Rd from canal W. to Nebraska St, trimmed and mowed in the alley on 14th St and Kansas St trimmed trees on two alley's at East and West Nebraska St, (Robert, Daniel, Miguel, Martin)

9/26/2019 City crew trimmed and mowed at the following locations: Zapata St, and E. 4th St. along the fence, Front of School at Stewart Rd. (Robert, Daniel, Martin. Miguel)

Junk/Trash Pick up

9/3/2019 City crew picked up brush at the following locations: Tenaza St and Lilly Dr, from

Tenaza St, Grandora Dr, Carmen Dr. 1805 S. Lincoln picked up leaves on the curb side. San Antonio St and 12th St picked up debris (Robert, Daniel, Miguel)

9/4/2019 City crew picked up at the following locations: 1310 Los Ebanos St pick up eight tires S. Kansas St, Ohio St picked up twenty trash bags. (Robert, Daniel, Miguel)

9/6/2019 City crew pick up palm leaves at the following locations: Hwy. 83 and Nebraska St. (Robert, Daniel, Miguel)

9/9/2019 City crew picked up junk at the following locations: San Antonio St and 10th St Valencia St, 18th St, Retama St and Guadalupe St. (Joe Montemayor, Juan Gonzalez)

9/9/2019 City crew picked up trash at the following locations, San Antonio and I Rd, San Antonio and Bears Trail (Robert, Daniel, Miguel)

9/11/2019 City crew picked up junk in the alleys at the following locations: 10th St and Old 83 W. 12th St and Old 83. (Joe Montemayor, Juan Gonzalez)

9/11/2019 City crew picked up trash at the following locations: Valencia from Lincoln St to Standard St. (Daniel, Miguel)

9/12/2019 City crew picked up junk at the following locations: Corner of S. King Rd and 9th St alleys between S. I Rd and San Antonio St picked up trash at the following locations Jay Dr, 2404 Jessie Dr. (Joe Montemayor, Juan Gonzalez)

9/12/2019 City crew picked up brush at the following locations: S. Nebraska, S. San Antonio 8003 Alameda St., 14th St. (Robert, Daniel, Miguel)

9/13/2019 City crew picked up trash at the following locations: Dollar Tree, behind Church's, Alameda St. four loads of brush and trash, between Golden Chicken and Meme's (Robert, Daniel, Miguel)

9/16/2019 City crew picked up junk at the following locations: S. State, S. Nebraska St and 13th E. 15th St, 14 1/2 St., S. Wyoming Ave. S. Kansas St (Joe Montemayor, Juan Gonzalez)

9/17/2019 City crew picked up junk at the following locations: Jay Dr, 14th St (alley), Texas Ave Ohio St, 1320 S. Nebraska St pick up trash (Joe Montemayor, Juan Gonzalez)

9/18/2019 City crew picked up trash at the following locations: 10th St (Tomas, Pablo, Richard Ramirez. Lupe Pruneda)

9/18/2018 City crew picked up brush at the following locations: 1304 Andrew St, Lincoln St, San Antonio St. (Robert, Daniel, Miguel)

9/18/2019 City crew picked up and concrete pipe at the following locations: W. 10th St, bricks at E. Sam Houston St. (Raudy , Alex)

9/20/2019 City crew picked up brush in the alleys at the following locations: between Nebraska and Lincoln St South, picked up ten bags from Lincoln St between 10th St and 11th St South. (Robert, Daniel, Miguel)

9/23/2019 City crew picked up brush in the alleys at the following locations: behind City Hall Kansas St and 7th St. (Robert, Daniel, Miguel)

9/23/2019 City crew picked up junk at the following locations: Hampton St, Mayfair St, King Rd Andrew St, E. Chaparral St. (Joe Montemayor, Juan Gonzalez)

9/24/2019 City crew picked up debris and tires in alleys at the following locations: between Ohio St E. towards the canal, front of 1310 S. Ohio St picked up trash bags, also pick up junk and tires etc. in the Alley on E. 14th St. and twelve trash bags from S. Standard and 11th St (Daniel, Miguel)

9/24/2019 City crew picked up junk at the following location: corner of Hall Acres and Stewart Rd picked up junk in the alleys at the following locations: 2nd St, 3rd St, E. Rail

Rd, Foster St, Stewart St and Sam Houston St , between E. Sam Houston St, and Old 83, S. Kansas St. (Joe Montemayor, Juan Gonzalez)

9/25/2019 City crew picked up junk at two places at the following locations: Wyoming Ave, W. Texas St, pick up trash at two places PSJA Central Kitchen, Chita's residential

9/25/2019 City crew pick up ten tires at the following locations: Moore Rd (Tomas, Pablo, Richard Ramirez)

9/27/2019 City crew pick up debris and tires at the following locations: behind Post Office two loads, E. 1st St, 2nd St. pick up brush, pick up dirt at E. Owassa St. (Robert, Daniel, Miguel, Lupe Pruneda)

TRAININGS

KEEP SAN JUAN BEAUTIFUL BOARD MEETING MINUTES



Mayor: Mario Garza
Mayor Pro-Tem: Leonardo “Lenny” Sanchez
Commissioners: Jesus “Jesse” Ramirez
Ernesto “Neto” Guajardo
Marco “Markie” Villegas

MEMORANDUM

TO: Benjamin Arjona, City Manager

FROM: Patrick Willingham, Director of Parks and Recreation

DATE: 10/1/2019

SUBJECT: Parks and Recreation Monthly Report

For the month of September 2019, we have the following to report:

Parks Division, staff continues to maintain our city parks and landscape areas as needed. This past month staff worked on the following areas.

- Assisted with the 911 event at PSJA High School, sending bleachers for the event.
- Working on fields and preparing parks for the upcoming Fall season.
- Staff has been cutting and cleaning areas of responsibility, catching up due to rain.
- Cleaning up the outside Library and prepared the multi-purpose room for the Noche De Paz press conference.
- Trimming palm trees.
- Working on some welding projects on utility trailers.

Events Division, Event Coordinator Ruben Rodriguez and staff having been working the following areas.

- Staff is preparing for the upcoming Fall event season.
- Preparing and working on quotes for rides and entertainment for Halloween Festival
- Meetings on Noche de Paz Sponsorship package and list of potential sponsors.

709 S. Nebraska Ave. • San Juan, Texas 78589-2649
Phone: (956)223-2200 • Fax: (956) 787-5978

- Preparing Halloween flyer for the October 31st event.

Recreation Division, this past month staff has been coordinating and organizing upcoming fall events and leagues.

- **FALL LEAGUES:** Registration has been ongoing for Flag Football, Volleyball and Tackle Football. Staff has been calling the coaches from last year programs and emails have been sent out to the parents. Flag Football there is 21 teams, Volleyball there is 25 teams and Tackle Football there is 5 teams.
- **TAAF STATE CONFERENCE:** Ramiro Moreno, Recreation Supervisor, attended the TAAF State Conference in Galveston, TX from September 17-19, 2019. The City of San Juan Parks & Recreation Department was recognized with the Silver City Award for its continued increase in participation, organization and training.

Maintenance Division, staff continues to provide professional maintenance and custodial service throughout the city. The following areas were addressed this past month.

- Replaced water heater and replaced copper line at Fire Department #2.
- Assisted with the assembling of desks at City Hall..
- Replaced AC unit and a door at City Hall due to the accident that occurred.
- Staff assisted with maintenance at the IT Department on the AC unit. Fan was replaced.
- Assisted with preparing the multi-purpose room at the Library for the Noche De Paz press conference.
- Waxed and stripped floors at the New Police Department as well as at the Amigos Del Valle.

UPCOMING EVENTS:

October 24, 2019 Homecoming Parade

October 31, 2019 Halloween Festival

In the month of September no Parks and Recreation Advisory Board meeting was held. Next meeting scheduled for Monday October 21, 2019.



Mayor: Mario Garza
Mayor Pro-Tem: Leonardo “Lenny” Sanchez
Commissioners: Jesus “Jesse” Ramirez
Ernesto “Neto” Guajardo
Marco “Markie” Villegas

MEMORANDUM

TO: Benjamin Arjona, City Manager

FROM: Armandina Sesin, Director of Library

DATE: 10/1/2019

SUBJECT: San Juan Memorial Library Monthly Report

Enclosed is the September monthly report including statistics and programs:

For the month of September we had, 3,987 visitors. Out of those visitors, 1,065 were here for computer use only. The library checked out a total of 1,444 items both adult and children’s. We had 167 in-house circulation items. We requested and received forty three (43) Interlibrary Loans (ILL). We had 68 new patrons added to our circulation system. We helped the public with an estimated 586 reference/informational questions. We had 43 fax transactions. The monthly amount deposited was \$1,707.77 both fines and fees.

Please see the attached statistical report.

During the month of September

- Attended the Directors’ meetings.
- Attended the City Commission meetings.
- Went to City Hall to make the weekly money deposits for the library.
- Attended the City Budget for Fiscal Year 2019-2020 Work Session.
- Managed the day to day operations of the San Juan Memorial Library.

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Meetings to be held in October, 2019

Multipurpose Room

EDC Meetings, October 1st & 15th

Library Board Meeting, October 2nd

Civil Service, October 3rd & 24th

City Commission Meetings, October 8th & 22nd

Directors' Meetings, October 9th & 23rd

Special Called Meeting, October 16th

Planning and Zoning, October 17th

Training Room:

City of San Juan HR Department, October 1st

Spanish GED Classes, October 2nd thru October 31st

Computer Classes, October 1st thru October 31st

ESL Classes, Mondays and Wednesdays from October 7th thru October 30th

**San Juan Memorial Library
Month 2019 Statistics**

Statistics	
Total Visitors	3,730
Computer Users	1,167
Total Checkouts	1,368
In-House Use	182
Inter-Library Loans	33
New Patrons	85
Reference\ Informational Questions	691
FAX transactions	44
Children's Programs	16
Attendance	92

Multipurpose Room Reservations	Attendance
3rd EDC Meeting	25
4th Library Board	9
4th Utilities Department Webinar	10
5th Special Called Meeting	9
9th Budget Workshop	23
10th City Commission	42
11th Directors Meeting - Executive Room	14
17th City Manager - Executive Room	6
18th Special Called Meeting	130
19th Special Called Meeting	24
23rd Open Enrollment	126
24th Open Enrollment	123
24th City Commission	38
25th Open Enrollment	29
25th EDC Meeting	15
26th Directors Meeting - Executive Room	14
26th Noche de Paz Meeting - Executive Room	18
Total	655

Training Room Reservations	Attendance
3rd Spanish GED	7
4th Spanish GED	7
4th ESL Class	3
5th Spanish GED	7
9th Spanish GED	8
10th Computer Class	5
11th Spanish GED	7
12th Computer Class	3
12th Spanish GED	7
16th Spanish GED	6
18th Spanish GED	7
19th Computer Class	2
19th Spanish GED	7
19th Planning & Zoning	15
25th Computer Class	2
25th Spanish GED	8

Checkouts	
DVDs	359
Books Juvenile	774
Books Adult	235
Total	1,368

WiFi Usage	
LibGuest	580
LibStaff	487
Total	1,067

Study Room Attendance	
Study Rooms	80

Facebook Page	
Likes	4
Visitors	15

SJML Homepage	
Visitors	48,284

Deposits	
Fines	\$ 378.00
Copies	\$ 1,150.44
Total	\$ 1,528.44

Computer Classes	
Attendance	14

Training Room Reservations	Attendance
26th Computer Class	2
26th Spanish GED	7
30th Spanish GED	6
Total	116

Youth & Children's Programs/Attendance

Date	Program	Attendance
Friday, September 6, 2019	Story Time/Color	4
Saturday, September 7, 2019	Story/Craft	3
Saturday, September 7, 2019	Movie	9
Wednesday, September 11, 2019	Toddler Time	5
Friday, September 13, 2019	Story Time/Color	5
Saturday, September 14, 2019	Movie	6
Tuesday, September 17, 2019	Story/Craft	5
Wednesday, September 18, 2019	Toddler Time	4
Thursday, September 19, 2019	Game Night	6
Saturday, September 21, 2019	Story/Craft	6
Saturday, September 21, 2019	Movie	14
Tuesday, September 24, 2019	Story/Craft	4
Wednesday, September 25, 2019	Toddler Time	4
Thursday, September 26, 2019	Play-Doh Time	5
Saturday, September 28, 2019	Story/Craft	5
Saturday, September 28, 2019	Movie	7
Total	16	92

**San Juan Memorial Library Advisory
Board Meeting
Sign In Sheet**

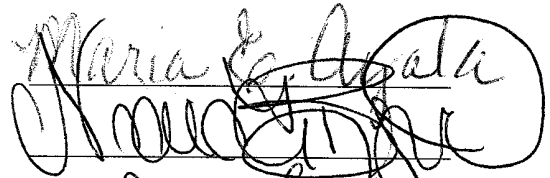
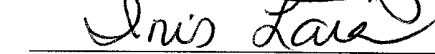
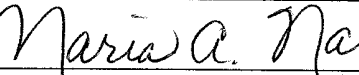
DATE: September 4, 2019

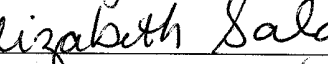
TIME: 6:00 p.m.

PLACE: San Juan Memorial Library

Board Members:

1. Maria Estella Ayala
2. Nadia Baughman
3. Iris Lara
4. María Alicia Navarro
5. George Rodea
6. Elizabeth Saldaña
7. Teresa Sloss



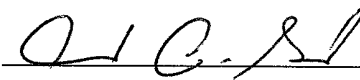


Liaison:

Commissioner Jesus "Jesse" Ramirez

Library Director:

Armandina A. Sesín



Visitors:

Minutes of the Meeting of the San Juan Library Advisory Board

Date: September 4, 2019
Time: 6:00 p.m.
Place: San Juan Memorial Library

Members Present: Maria Estella Ayala George Rodea
Nadia Baughman Elizabeth Saldaña
Iris Lara Teresa Sloss
Maria A. Navarro

Members Absent:

Liaison: Commissioner Jesus “Jesse” Ramirez

Library Director: Armandina A. Sesín

Visitors:

ORDER OF BUSINESS

I Invocation

Maria A. Navarro led the Invocation.

II Pledge of Allegiance

Maria Estella Ayala led the Pledge of Allegiance.

III Call Meeting to Order

Iris Lara called the meeting to order at 6:07 p.m.

IV Roll Call

All Board Members were present.

V Review of Minutes

A motion to approve the minutes as presented was made by Maria A. Navarro and seconded by Nadia Baughman.

VI Old Business

Report by Christina Perez, Children’s Librarian

Christina talked about the Summer Reading Program. She presented a summary of the events, with dates, and with what took place. (See Attached).

VII New Business

Welcome New Members

The director introduced to the members of the library board two new members, Mrs. Teresa Sloss and Mr. George Rodea.

Election of Chair-person and Vice-chairperson

The director explained that there are two ways of having an election, one by nomination and the other one by secret ballots. The members of the board decided to go with nominations.

Iris Lara, secretary, asked the board members if anyone would be willing to take the position of Chair-person and Vice-chairperson, Mrs. Baughman expressed her desire to be Chair-person. Elizabeth Saldaña expressed her desire to be Vice-Chairperson. Maria A. Navarro made a motion to accept Mrs. Baughman as Chairperson and Mrs. Saldaña as Vice-chairperson. Maria Estella Ayala seconded the motion. The motion passed unanimously.

VIII Director's Report

The library director presented the August report which was prepared by Richard Rodriguez, Library Assistant Supervisor, because she has been on sick leave and under FMLA since July 23 due to an injury caused by a fall and a consequent surgery. She also mentioned the Halloween event that the library is having for the kids. She said also that after the event, at the library, they encouraged the children to go to the city's Trunk or Treat. The city is planning in conjunction with the San Juan Basilica, an event for Dia de los Muertos at which some Oaxacan artists will be here for that event. There's also a Catrin and Catrina contest. She'll give more information at the next meeting.

IX Adjournment

A motion to adjourn was made at 6:55 p.m. by Elizabeth Saldaña and seconded by Maria Estella Ayala. Next meeting will be Wednesday, October 2, 2019.

Nadia Baughman, Chair

Iris Lara, Secretary

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 8, 2019

Consideration and Approval to Continue to Receive the City's Share of Bingo Prize Fees
Pursuant to House Bill 914, Enacted by the 86th Texas Legislature.

STAFF COMMENTS AND RECOMMENDATIONS:

The Texas Legislature passed House Bill 914 relating to the regulation of bingo games to licensing and administrative procedures.

RECOMMENDATION:

Approve as presented.

PREPARED BY:

Leroy Gonzales,
Interim Director

APPROVED BY:

Benjamin Arjona, City
Manager



Texas Lottery Commission



Commissioners:

J. Winston Krause, Chairman

Mark A. Franz • Robert Rivera

Michael P. Farrell
Director

July 18, 2019

Department of Finance
City of San Juan
709 S Nebraska St
San Juan, TX 78589-2649

Dear Finance Director:

The Texas Lottery Commission (TLC), Charitable Bingo Operations Division, is providing this notification because your county and/or municipality currently receives a share of the prize fees collected on charitable bingo activity that occurs in its jurisdiction.

Pursuant to House Bill (HB) 914, enacted by the 86th Texas Legislature, in order to continue to receive a share of bingo prize fees after Jan. 1, 2020, your county and/or municipal governing board must affirmatively vote to do so and submit proof of that vote to the TLC by Nov. 1, 2019. If no eligible local governments vote to continue receiving their share of the prize fee, the bingo organizations will keep that share for themselves to fund their charitable purposes.¹

Currently, non-profit charitable organizations conducting bingo collect a 5% fee on prizes awarded. These funds are submitted each quarter to the TLC, which in turn remits a *pro rata* share of the funds to local governments at the end of each fiscal year. Your county and/or municipality receives a share of the bingo prize fees because it elected to do so prior to Sept. 1, 1993.

Effective Jan. 1, 2020, H.B. 914 includes another change regarding the collection and remittance of prize fees. Local governments will no longer receive their bingo prize fee payments from the TLC at the end of the fiscal year; instead, the licensed organizations conducting bingo in the local jurisdiction will be responsible for sending eligible local governments 50% of the prize fees they collect on a quarterly basis.

The most immediate matter for your attention is that your local government will only continue to receive a share of the bingo prize fees collected after Jan. 1, 2020 if it meets the requirements set forth in HB 914 that require your governing body to:

- (1) approve the continued receipt of the share of bingo prize fee funds by a majority vote; and**
- (2) notify the TLC of that decision no later than Nov. 1, 2019; and**
- (3) notify each licensed authorized organization within the county's or municipality's jurisdiction, as applicable, of the continued imposition of the fee.**

¹ For the full text of H.B. 914, see <https://legiscan.com/TX/text/HB914/id/2027641>

This notification is being provided to inform you of the new statutory requirements. We will provide a further communication in the coming months that will include more information and a prescribed form that will need to be submitted to the agency's Charitable Bingo Operations Division to verify that a vote took place.

Please let us know as soon as possible if there is a specific contact person or office to direct our future correspondence, and that will serve as your county and/or municipality's official address of record for notification purposes. Without a dedicated address for this purpose, it is possible that future communications may be misdirected. This could result in your county and/or municipality *permanently* losing its share of bingo prize fees.

If you have any questions, email us at bingo.services@lottery.state.tx.us or call 800-246-4677.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael P. Farrell". The signature is fluid and cursive, with the first name "Michael" being more prominent than the last name "Farrell".

Michael P. Farrell
Director
Charitable Bingo Operations Division

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 8, 2019

Consider Selection of Depository Services under RFP # 19-09-09-17.

STAFF COMMENTS AND RECOMMENDATIONS:

On September 4, 2019 and September 11, 2019, staff advertised RFP # 19-09-09-17 for Depository Services in the Advance News Journal. In response staff received three responses from the following financial institutions:

Lone Star National Bank - Pharr, Texas
PlainsCapital Bank - Pharr, Texas
Texas National Bank - Edinburg, Texas

RECOMMENDATION:

Selection of Financial Institution and authorize the City Manager to negotiate a contract for Depository Services.

PREPARED BY:

Rene J. Jaime,
Purchasing/Risk
Manager

APPROVED BY:

Benjamin Arjona, City
Manager



BANK DEPOSITORY

A Proposal Submitted in Response to

City of San Juan

Request for Sealed Proposals #19-09-09-17

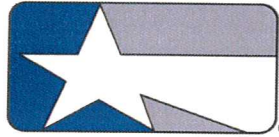
Submitted By:

Lone Star National Bank

On:

September 25, 2019

All information contained in this proposal is confidential and proprietary.

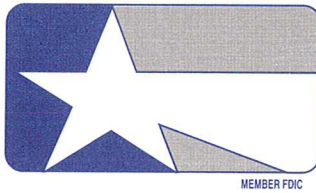


**Lone Star
National BankSM**

City of San Juan

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4	Official RFP Response Form
5	Account Analysis sample
6	Schedule of Fees
7	Frost Custody Fees
8	List of Public Funds currently held at Lone Star National Bank
9	LSBN Locations
10	Funds Availability Policy
11	Indemnification for facsimile services
12	Treasury Management Service agreement
13	Cash Management samples
14	Office Banker sample
15	Lockbox:RemitPlus



Lone Star National Bank™

September 25, 2019

City of San Juan
Rene J. Jaime, Purchasing/Risk Manager
709 S. Nebraska Avenue
San Juan, TX 78589

Mr. Jaime,

On behalf of Lone Star National Bank (LSNB), I would like to thank the City of San Juan ("City") for giving us the opportunity to bid on the RFP for Depository Services.

Lone Star National Bank is a locally owned financial institution with approximately \$2,300,000,000 in assets. Our bank was chartered on January 23, 1983 in Pharr, Hidalgo, County Texas at 100 West Ferguson. The bank's founding directors chartered the bank with the goal of making the future more progressive for its delineated community and to provide a higher quality of customer service for its customers. It is the mission of Lone Star National Bank to become the premier, independent, community bank in South Texas by providing "value added" customer service to our customers, rewarding opportunities for our employees, *helping our community to grow* and providing a high rate of return for our shareholders.

The complete bid proposal, which is valid for 90 days from the date of this letter, is attached for your consideration. If this bid is accepted by the City, the bid form and this letter will be included as exhibits to a contract which will be signed by the City and LSNB. Please find listed below some of the excerpts of the complete bid packet attached.

Rates

The City will earn interest on all deposit balances held at LSNB. The City will earn on its average collected balances kept at the bank an interest rate tied to an average of 40% of the U.S. Treasury 13 week bill rate which will be determined by taking the average of the high rate from the weekly auctions from the previous month. The bank uses www.treasurydirect.gov to obtain the values. The bank will provide the City a floor interest rate of 0.25% and a cap interest rate of 2.00%.

All accounts held by the City at LSNB will be put on account analysis with fees assessed according to the detailed (but not totally inclusive) schedule of fees attached or the then current fees. The City will not receive an earnings credit to offset the service fees.

Pledging/ Collateral

LSNB is submitting this bid based upon deposit projections as provided by the City. This bid is based upon the City's operating balances being maintained at approximately \$15MM. All deposits will be collateralized by either US Treasuries, GSE debentures, GSE Mortgage Backed securities whose Average Life will not exceed 10 years, investment grade municipal securities, or FHLB Letters of Credit. Securities will conform to the Local Government Code, Chapter 2257. Any excess balance over the \$25MM in operating accounts will be subject to acceptance by LSNB, and will be collateralized by either US Treasuries, GSE debentures, GSE Mortgage Backed securities whose Average Life will not exceed 10 years, investment grade municipal securities, if available within LSNB for pledging collateral, if not available LSNB will purchase a Letter of Credit issued by the FHLB to secure the excess with the cost passed on to the City. LSNB reserves the right to accept or reject any deposits in excess of the \$25MM.

Investments

The City has the right to invest all proceeds as required by State Law. Lone Star National Bank through this bid proposes that before any investment is made by the City that the City first contact the investment division of LSNB (a contact person will be named once this bid is accepted and a contract is signed). The bank will consider the amount of, the maturity of and yield on the investment that can be obtained by the City and if LSNB then chooses it will match the same terms with a certificate of deposit properly collateralized in the City's name. If the Bank elects not to match the investment, the City could invest its funds subject to this bid and subsequent contract outside of the Bank. All certificate of deposit rates will be determined at the time of investment and all certificates of deposits will be subject to a minimum of 7 day interest early withdrawal penalty.

We hope to become your depository bank. Please contact Vanessa Ochoa at 956-984-2913 or via e-mail at ochoav@lonestarnationalbank.com should you have any questions.

Yours Very Truly,



Vipul Patel

EVP & Chief Investment Officer

AMENDED-REQUEST FOR SEALED PROPOSALS

DEPOSITORY FOR FUNDS

1. Maintain custody of the CITY'S funds in Transaction Accounts (Demand, Money Market, etc.), at no charge to CITY. The number of accounts required may change throughout the term of the contract. Temporary overdraft in individual accounts will occur occasionally without penalty or service charge to the CITY as long as the aggregate funds in other Transaction Accounts are in the amount sufficient to meet the overdraft. Interest rate to be paid to CITY on Transaction Accounts will in no event be less than the greater of the 91 day Treasury Bill asked yield as quoted by Wall Street Journal on the first business day of the month to which it applies+/- basis points, the BANK'S highest published rate, or the BANK'S highest rate paid to any other investor. The minimum rate to be paid to CITY will in no event be less than:_____. For the purpose of evaluating proposals, we have estimated an aggregate amount of \$5,000,000.00 for all accounts.

The City will earn interest on all deposit balances held at LSNB. The City will earn on its average collected balances kept at the bank an interest rate tied to an average of 40% of the U.S. Treasury 13 week bill rate which will be determined by taking the average of the high rate from the weekly auctions from the previous month. The bank uses www.treasurydirect.gov to obtain the values. The bank will provide the City a floor interest rate of 0.25% and a cap interest rate of 2.00%.

All accounts held by the City at LSNB will be put on account analysis with fees assessed according to the detailed (but not totally inclusive) schedule of fees attached or the then current fees. The City will not receive an earnings credit to offset the service fees.

2. On Certificates of Deposits purchased by CITY, regardless of amount, the depository bank will pay interest, determined at purchase date, at the rate of: 1-90 days - the asked yield of Treasury Bills as quoted daily in the Wall Street Journal to the nearest maturity of the Certificate of Deposit+/-_____ basis points, the BANK'S highest published Certificate of Deposit rate, or the BANK'S highest rate paid to any other investor, whichever is greater.

For the purpose of evaluating proposals, we have estimated an aggregate amount of 1,000,000.00 for all accounts.

91-180 days -the asked yield of Treasury Bills as quoted in the Wall Street Journal to the nearest maturity of the Certificate of Deposit +/-_____ basis points, the BANK'S highest published Certificate of Deposit rate, or the BANK'S highest rate paid to any other investor, whichever is greater.

For the purpose of evaluating proposals, we have estimated an aggregate amount of

\$1,000,000.00 for all accounts.

181 days to one year -the asked yield of Treasury Bills as quoted in the Wall Street Journal to the nearest maturity of the Certificate of Deposit +/- _____ basis points, the BANK'S highest published Certificate of Deposit rate, or the BANK'S highest rate paid to any other investor, whichever is greater.

For the purpose of evaluating proposals, we have estimated an aggregate amount of \$1,000,000.00 for all accounts.

Over one year- the asked yield of Treasury Notes quoted in the Wall Street Journal to the nearest maturity of the Certificate of Deposit +/- _____ basis points, the BANK'S highest published Certificate of Deposit rate, or the BANK'S highest rate paid to any other investor, whichever is greater.

For the purpose of evaluating proposals, we have estimated an aggregate amount of \$1,000,000.00 for all accounts.

The aggregate amount is only an estimate. The CITY reserves the right to deposit a greater or lesser amount in its sole discretion. The CITY makes no representation as to the accuracy of such estimate.

Interest on above certificates of deposit will be computed monthly and reinvested into the certificate balance monthly.

BANK hereby agrees that the minimum interest rate of the Certificates of Deposit, regardless of time, will not be less than _____% and in no event, less than the bank's current posted or published rate for like maturities.

BANK hereby agrees that the CITY shall be entitled to redeem Certificates of Deposit in whole or in part, prior to maturity, without penalty or adjustment of interest rate, and will pay interest on the redeemed Certificates at the stated rate.

City has the right to invest all proceeds as required by State Law. Lone Star National Bank through this bid proposes that before any investment is made by City that City first contact the investment division of LSNB (a contact person will be named once this bid is accepted and a contract is signed). The bank will consider the amount of, the maturity of and yield on the investment that can be obtained by City and if LSNB then chooses it will match the same terms with a certificate of deposit properly collateralized in City's name. If the Bank elects not to match the investment, City could invest its funds subject to this bid and subsequent contract outside of the Bank. All certificate of deposit rates will be determined at the time of investment and all certificates of deposits will be subject to a minimum of 7 day interest early withdrawal penalty.

LSNB is submitting this bid based upon deposit projections as provided by City. This bid is based upon City's operating balances not exceeding \$15MM. All deposits will be collateralized by either US Treasuries, GSE debentures, GSE Mortgage Backed securities whose Average Life will not exceed 10 years, investment grade municipal securities, or FHLB Letters of Credit. Securities will conform to the Local Government Code, Chapter 2257. Any excess balance over the \$25MM in operating accounts will be subject to acceptance by LSNB, and will be collateralized by either US Treasuries, GSE debentures, GSE Mortgage Backed securities whose Average Life will not exceed 10 years, investment grade municipal securities, if available within LSNB for pledging collateral, if not available LSNB will purchase a Letter of Credit issued by the FHLB to secure the excess with the cost passed on to City. LSNB reserves the right to accept or reject any deposits in excess of the \$25MM.

3. Any deviation from the proposal specifications set out in "A", shall be grounds for rejecting the proposal.

CITY hereby obligates itself during the period of this contract, or until a successor bank is selected as its depository after the expiration of the term hereof, to deposit with BANK all uninvested funds and monies of the CITY. CITY reserves the right to deposit its funds in such amounts as it sees fit in either Transaction Accounts or Time Accounts. CITY further reserves the right to withdraw any amount of such funds deposited hereunder for the purpose, and at the sole discretion of CITY, of investing such funds in any investment authorized by the Public Funds Investments Act, limited if applicable by the CITY'S Investment Policy. All deposits made by CITY in Depository Bank, except to the extent said deposit is guaranteed by the Federal Deposit Insurance Corporation, shall be secured and guaranteed by a pledge to CITY of securities as set out below and shall deposit in joint safe keeping at a Federal Reserve Bank. CITY will allow substitutions of securities upon written request and written approval, upon verification of equal market value and credit rating. Such securities shall be in the amount of market value equal to 110% of the amount of such deposits, plus the accrued interest thereon. The authorized types of securities are as follows:

- a. U.S. Treasury obligations and government agency securities, specifically, those issued by the Federal Home Land Bank, the federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Federal Farm Credit Bank, excluding mortgage-backed securities.

The Pledged Securities are pledged against the City of San Juan deposits plus interest accrued at BANKS OR BANKS and ownership shall be retained by BANK or BANKS unless and until the following events occur at a minimum:

- a. The appropriate regulatory agency declares BANK or any other of the BANKS holding CITY deposits to be insolvent or otherwise to be in default so as to prevent CITY from withdrawing any or all of its deposits.
- b. The Administrator of the Federal Deposit Insurance Corporation or his duly authorized

representative declares formal action against BANK or any other of the BANKS holding CITY deposits declaring such BANK insolvent or otherwise under default so as to prevent CITY from withdrawing any or all of its deposits, at which time the securities shall be property of CITY without further action in the amounts equal to such deposits plus accrued interest only. CITY shall require a Safekeeping Agreement acceptable to both parties.

- c. BANK agrees to waive any; and all charges associated with the pledging of securities against CITY deposits.

CITY and BANK agree to enter into a written pledging Agreement which details collateral requirements in compliance with all Acts which pertain to the collateralization of deposits including, but not limited to, Section 1823(e) of the Financial Institution's Reform, Recovery and Enforcement Act of 1989 (FIRREA) which requires that the following form requirements are satisfied:

1. It must be in writing.
2. It must be executed contemporaneously with the acquisition of the asset by the depository institution.
3. It must be approved by the institution's board of directors or loan committee, and that approval must be reflected in the minutes of the board or loan committee.
4. It must be an official record of the depository institution since it was executed.

The bank agrees to obtain and maintain acceptable collateral sufficient to cover all anticipated time and demand deposits up to \$25MM, above the FDIC insured limit of \$250,000. Securities used to pledge against time and demand deposits must be held in an independent third-party safekeeping institution outside the bank's holding company. Currently Lone Star National Bank ("LSNB") is using Frost Bank in San Antonio, TX as its safekeeping institution.

Collateral will be maintained at a minimum of 110% and marked to market at least once a month. Control will be shared jointly between the bank and the City. The bank will notify the City of any substitutions of collateral in writing and new collateral will be received before the existing collateral is released. Securities pledged as collateral to secure City deposits will be governed by the Texas Local Government Code, Chapter 2257.

The bank will review the pledged amounts and corresponding balances on a daily basis. If there is a shortfall of pledged securities, the bank will automatically bring the pledged amount to at least 110% of deposit balances. If there is an excess of pledged securities, the bank will ask the City to release the excess by sending a request letter. Prompt response to release the securities will be much appreciated.

BANK LOANS

1. BANK shall at the CITY'S request; loan funds to CITY provided that CITY has funds on deposit in an amount equal to or greater than the loan request. The term of any such loan shall not exceed the term of the Depository Contract.

Interest to be paid by the CITY on money it borrows from the DEPOSITORY BANK shall be at the rate of _____% of Prime Rate as quoted in the Wall Street Journal at the time of the loan. Existing loans with present DEPOSITORY BANK will be paid off and financed at the new DEPOSITORY BANK at the lending rate established by the successful respondent with the same security as now exists on each of said loans.

BANK shall have the right to offset against CITY funds deposited with BANK in event of default by CITY.

The Bank has the capacity to provide underwriting for properly constructed and City approved certificates of obligation or bonds of the City or other "private placement" loan facility up to the Bank's legal lending limit, subject to legal and credit review and subject to the then current rates and fees charged by LSNB.

The Bank would also be willing to discuss other collateral-based loans (including receivables). Approval would be dependent on full credit and collateral review and would be subject to our legal lending limit. The loans will be priced at then current rate.

OTHER SERVICES

1. BANK will provide CITY electronic access to all its accounts via computer modem or the internet. CITY will have ability to inquire, transfer, post stop payment orders, direct deposit payroll, originate. ACHs and wire transfers, bank reconciliation procedures as well as any other standard bank service at no charge to CITY. Computer equipment needed to facilitate this activity will be current CITY equipment, unless BANK requires specialized equipment to perform these services. Such equipment will be provided to CITY at no charge for the duration of contract.

Online account access is available 24 hours a day via the internet at www.lonestarnationalbank.com. This access will provide authorized City employees, among other things, with the ability to manage the accounts online, transfer funds, place stop payments, manage positive pay, and authorize wire transfers/ ACH (with proper authorizations, security procedures and agreements in place). Cash Management Services are subject to a signed Treasury Management Service Agreement.

2. BANK shall provide a check control (positive-pay) system, which will protect CITY from duplication and alteration of any of its checks. This service will be provided at

no charge to CITY.

Positive Pay is a fraud detection tool that matches the account number, check number, dollar amount along with the issue date against a list of checks authorized and issued by the City. The City is required to upload a file of all checks issued for payment. Files are updated within 30 minutes after submission. The City will be notified via online banking of exceptions first thing in the morning. Exceptions must be resolved by 11:00 a.m. Fees will be charged through account analysis according to the current schedule of fees.

3. BANK will provide account reconciliation of any and all CITY bank accounts on a semi monthly basis or monthly basis, as required by CITY, at no charge to CITY. Such reconciliation will include check-imaging on CD-ROM.

Partial recon includes all check items that have been submitted to the bank through the check files. Full reconciliation includes partial and all items that have cleared the account. Reconciliation fees will be charged through account analysis according to the current schedule of fees.

LSNB can provide the City with CD-ROMs for designated accounts. Fees will be charged through account analysis according to the current schedule of fees.

4. BANK will provide for ACH processing of direct deposits of payroll at no charge.

ACH services are available for credit and debit files. A NACHA format is required for ACH files. The ACH file must be received by 4:00 p.m. two days prior to the effective date. ACH services are subject to a signed Treasury Management Agreement. ACH fees will be charged through account analysis according to the then current schedule of fees. A prenote file is highly recommended prior to the initial live file.

CITY INVESTMENTS

CITY invests a portion of available funds in U. S. Treasury and government Agency securities, pursuant to the Public Funds Investment Act and the CITY'S Investment Policy. BANK shall provide custodial services in the safekeeping of these investments, including the following:

1. Take the appropriate measures required for receiving or delivering out security trades made by the CITY on a delivery versus payment basis.
2. Maintain a separate Federal Reserve Bank account for the safekeeping of securities purchased by the CITY (such account is to be designated a City of San Juan account).
3. Provide monthly a statement of account holdings which includes original cost, estimated market value, yields and estimated annual income, along with a detailed

statement of transaction activity.

4. The fees to be charged by the BANK for custodial services are as follow: (Please provide detailed costs on separate sheets).

The bank uses Frost Bank (3rd party) for safekeeping: the bank will provide this service at cost to the City. There will be no charge for purchase or sale of Investments as the bank will utilize a broker to transact. Please refer to the Frost fee schedule attached.

The following services shall be free of charge to CITY under the Depository Contract:

1. Supply Night Depository Bags and Keys. Number of bags required: at least, but not limited to 15 large bags; with replacement as needed.

The Bank recommends the use of tamper evident bags. The City may purchase the bags at bank cost from a bank vendor or buy their own bags through a third party as needed.

2. Provide detailed statements of securities pledged against CITY deposits each Monday, periodically upon the release/pledge of collateral securities and as of last business day of month, including market valuation.

LSNB agrees to provide City with a detailed report on a monthly basis and as requested.

3. Other Services Required:

- a. Safe deposit boxes as needed.

Safe deposit boxes will be provided at the then current fee pending availability.

- b. Checks, travelers and cashier's checks as needed.

Checks, travelers and cashier's checks will be provided at the then current fee.

- c. Money wrappers, envelopes, deposit slips, etc.

Money wrappers, envelopes, deposit slips, etc will be provided at bank cost.

- d. Foreign and domestic exchange.

Exchange services will be available to the City at the then current market price.

- e. Handling stop payments and customer returned checks.

Stop payments can be handled via telephone, fax, in person or through our internet banking system. Stop payments will remain in effect for 6 months after they are placed. A stop payment for an ACH item can be stopped indefinitely. To be effective, a Stop Payment Order must be received in time to allow the institution a reasonable opportunity to act on it, and ACH debits must be received at least three (3) banking days before the scheduled date of transfer.

- f. Wire transfers as needed. A separate Wire Transfer Agreement with the CITY will be require.

Wire transfers can be processed in person, via phone (on a recorded line), via facsimile or online via Cash Management Services. The City will have the ability to set up repetitive wires and establish dollar limits by user and daily aggregate amounts. Online wire transfers initiated before 3:30 p.m. CST on a business day are posted same day. In person, facsimile or phone requested wire transfers submitted by 2:00 p.m. CST on a business day are posted same day. Please find attached a Treasury Management Service Agreement which requires dual control as a security provision.

- g. Any and all research charges.

Problem resolution is dependent on the issue. The bank prides itself in doing the right thing for the customer and is very customer service oriented. Any research will be charged at the then current fee.

- h. Account analysis statements.

An account analysis statement is provided for each individual account as well as a group summary. Account analysis statements are mailed out at the beginning of every month. A sample analysis statement is included.

The CITY shall be allowed by the DEPOSITORY BANK to purchase Certificates of Deposit which mature after the ending date of the depository contract. The CITY shall be entitled to withdraw these Certificates of Deposit without penalty at the expiration of the depository contract, but in that event, the DEPOSITORY BANK shall only be obligated to pay interest rates comparable to rates paid for the term the Certificate of Deposit were actually held. Should the CITY elect to retain these Certificate of Deposit after the contract expiration date, the DEPOSITORY BANK shall be obligated to pay the stated rates of interest on the Certificated of Deposit, including partial or full redemptions prior to maturity, and continue to collateralize the investments as required by this proposal.

City has the right to invest all proceeds as required by State Law. Lone Star National Bank through this bid proposes that before any investment is made by City that City first contact the investment division of LSNB (a contact person will be named once this bid is accepted and a contract is signed). The bank will consider the amount of, the maturity of and yield on the investment that can be obtained by City and if LSNB then chooses it will match the same terms with a certificate of deposit properly collateralized in City's name. If the Bank elects not to match the investment, City could invest its funds subject to this bid and subsequent contract outside of the Bank. All certificate of deposit rates will be determined at the time of investment and all certificates of deposits will be subject to a minimum of 7 day interest early withdrawal penalty.

ADDENDUM.001 9/12/19

Note, the City of San Juan will not accept AAA and AA municipal securities as pledged collateral.

The City of San Juan shall accept only the following as security collateral:

- A. FDIC Insurance coverage
- B. U.S. Treasury obligations and government agency securities, specifically those issued by the Federal Home Land Bank, The Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank, ~~excluding mortgage-backed securities.~~

This bid is contingent upon the Bank's ability to collateralize the City's deposits with either US Treasuries, GSE debentures, GSE Mortgage Backed securities whose Average Life will not exceed 10 years, or FHLB Letters of Credit.

The City will provide an account analysis statement (with charges and rates redacted) upon request.

Sealed bids should contain one original response on 8.5 x 11 paper and a digital copy on a Flash Drive/USB.

The deadline to submit a response to Depository Contract Proposal 19-09-09-17 has been extended to Wednesday, September 25, 2019 at 10 AM.

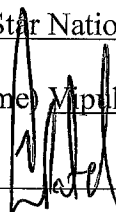
The depository agreement shall be binding on the DEPOSITORY BANK'S heirs, assignees, transferors, and successors upon the DEPOSITORY BANKS'S merger or acquisition.

This depository proposal will be incorporated into the depository contract by the reference hereto as if written verbatim and in case of conflict, the provisions of this depository proposal shall control.

Dated on this the 25 day of September, 2019

Bidder: Lone Star National Bank

By: (Print Name) Mipul Patel

Signature: 

Title: EVP & Chief Investment Officer

SAMPLE
September 2019

Group Summary Analysis

City of San Juan
709 S. Nebraska Avenue
San Juan, TX 78589

Officer: David M Penoli
Phone No: (956) 984-2866
Branch 35

Date Prepared
Days In Statement Cycle
Account Analysis Public Funds

9/25/2019
30

Average Daily Ledger Balance	15,000,000.00
Less Average Daily Float	-
Average Daily Collected Balance	15,000,000.00
Average Collected Negative Balance	-
Average Collected Positive Balance	15,000,000.00
Less Required Reserves 10.000%	(1,500,000.00)
Balances Available for Other Services	13,500,000.00

Earnings On	At	13,500,000.00	
Negative Balance Service Charge On	At	0.000000%	0.00
		0.00	
Net Earnings Credit	At	3.250000%	0.00
			0.00

Service	Activity	Unit Price	Activity Charge	Required Balances
Maintenance Fee	7	10.0000	70.00	
Administrative Fee			616.43	
Debits	477	0.1500	71.55	
Credits	241	0.2500	60.25	
On US items Deposited	38	0.1500	5.70	
Transit Items	1326	0.1500	198.90	
Loose Currency	153600	0.0008	122.88	
Strapped Currency		0.0005	-	
Rolled Coin		0.1000	-	
Loose Coin		0.0010	-	
Depository Bag Handling		8.0000	-	
Change Order		6.0000	-	
Deposit Correction		7.0000	-	
Stop Payment Fee	2	17.0000	34.00	
Charge Back Fee	2	6.9900	13.98	
Redeposit Fee		6.9900	-	
Recon Download		25.0000	-	
Additional Paper Statement		2.0000	-	
CD-Rom Statement		50.0000	-	
Office Banker Service		35.0000	-	
RDC Items Deposited		0.1000	-	
ACH Monthly Maintenance	1	20.0000	20.00	
ACH File	8	5.0000	40.00	
ACH Per Item Credit/Debit	1506	0.1000	150.60	
ACH Notice of Change		3.0000	-	
ACH Reveral/Deletion		3.0000	-	
ACH Returns	2	3.9900	7.98	
ACH Filter		25.0000	-	
ACH Filter Exceptions		1.9900	-	
Postive Pay Maintenance		30.0000	-	
Positive Pay File		5.0000	-	
Positive Pay Item		0.0700	-	
Phone Internal Transfer		5.9900	-	
Online Internal Transfer		-	-	
Wire Transfer Outgoing Web based	2	8.0000	16.00	
Wire Transfer Outgoing		15.0000	-	
Wire Transfer Incoming		12.5000	-	
Wire Transfer Phone/Fax Conf		2.9900	-	

Total Services and Required Balances 1,428.27

Current Month Net Excess (1,428.27)

Account Charge \$1,428.27

Accounts Included:



1. Supplies:	(checks, deposit slips, straps, night bags) (any supplies purchased by the entity outside of bank vendors must meet quality standards as determined by the bank).		Supplies can be ordered by the bank with the cost passed on to the customer.
2. Depository Bag Handling:		\$8.00	per bag/per day.
3. Cash Verification		\$0.50 \$0.80 \$0.10 \$5.00 \$7.00 \$15.00 \$10.00 \$25.00 \$3.00 \$5.25 \$6.00	per thousand of cash received strapped. per thousand of cash received loose. rolled coins per roll incoming/outgoing. loose coins per bag. Deposit correction. Special Order/Same Day. Late Change Order, per order. Special Research Fee. Per Pkg, Registered Receipt. Courier receipt per delivery. A standard Outgoing order.
4. Lockbox service mailed payments:		\$200 \$100 \$0.35 \$0.30 \$0.25	one time set up fee monthly fee per item processing copy per item scan
5. Over the counter payments		\$0.35	cents per item. Annual pricing change.
6. Statement Services:	special cutoff Imaged Imaged/original checks electronic web site CD rom account printout	\$25.00 \$20.00 \$30.00 free \$50.00 \$2.99	per statement. per statement per month. per statement per month. per cd rom, per account, per month.
7. debit items:	transit on us.	\$0.15 \$0.15	per item per account per item per account.
8. credit items.		\$0.25	per item per account.
9. NSF items.		\$20.00	per item. Paid only if collected balances maintained in other accounts.
10. Stop payments:	Range of Checks	\$17.00 \$32.00 \$35.00	web based. per stop payment phone or in person.
11.wire transfers:	Excess of 5 million Cut Off Time: 10:00 AM Domestic Cut Off Time: 1:00 PM (same day requests between 1:00 PM – 2:30 PM) incoming. outgoing electronic web	\$12.50 \$15.00 \$8.00	per wire. must have authorizations in place. per wire. per wire.
12. ACH :		\$20.00 \$25.00 \$5.00 \$3.99 \$3.00 \$0.10 \$0.05 \$3.00 \$12.00	Monthly fee Cash Management set-up (one time) ACH Transmission (per file) Returns. Notice of Change. Per item (credit/debit). Prenote (optional). File reversal/deletion. Security token
13. Electronic reconciliation service:		\$25.00	per recon.
14. Positive Pay	Monthly Maintenance Fee Positive Pay Item Per item charge with partial recon Per item charge with full recon Per item charge without recon servies Item stops	\$25.00 \$0.07 \$5.00 \$5.00 \$5.00 \$5.00	
15. Office Banker	Monthly Maintenance Fee Items deposited via Office Banker	\$35.00 \$0.10	Monthly fee per item per account
16. ATM & Debit Card	ATM or VISA CardReplacement ATM or VISA Card Re- Pinning ATM or VISA CardMonthly Handling VISA Debit Card International transaction fee	\$5.00 \$5.00 \$1.00 (max of \$2.00 fee per acct, per month will charged) 2% of purchase	
17. Return Item Fee	Returned Item Fee- Returned Unpaid Overdraft Item Fee- Paid Overdraft Balance Annual Percentage Rate (APR)	\$20.00 \$20.00 17.50%	
18. Internet Banking & Bill Pay	Internet Banking Unlimited Bill Pay Internet Banking Re- Activation Fee Internet Banking Re-Set Password/PIN	No Charge. No Charge. \$3.00 \$3.00	

**Standard Public Fund Fee Schedule**

19. Safe Deposit Boxes	Set-Up, Application and access cards	\$15.00
	Box Drilling (Only if required)	\$125.00
	Box Rental Late Fee	\$25.00
20. Sizes and Annual Fees	3 X 5	\$35.00
	3 X 10	\$55.00
	5 X 10	\$70.00
	10 X 10	\$100.00
21. International Wires	US Dollars	\$65.00
	Foreign Currency	\$25.00
	Foreign Wires (Mexican Pesos Only)	\$20.00
	Standard Items	\$25.00
22. Collection Items	Dealer Drafts	\$25.00
	Canadian Checks	\$60.00
	International Documentary Collections	\$150.00 plus cost
	Standard Items	\$60.00
23. Confirmations	Confirmation (email, call back or fax)	\$3.99
	Declaration of Loss Cashier's Check	\$10.00
24. Document Services	Notary Fees Per Signature	\$6.00
	Medallion Guarantee	\$40.00
25. Night Deposit Bag	Set-Up	\$25.00
	Key Replacement	\$10.00
26. Zipper Deposit Bag	Small	\$5.00
	Medium	\$8.00
	Large	\$14.00
27. Misc. Services	Check Orders	At bank cost.
	24-Hour Phone Banking	No Charge
	Account Balancing & Reconciliation	\$50.00 per hour
	Account Closed by Mail	\$15.00
	Account Closing Fee (Within 90 Days of Opening)	\$25.00
	Account Inactivity Fee (Considered inactive at 180 days)	\$10.00
	Automatic Funds Transfer	\$7.00/per Transfer
	Account Restriction Setup Fee	\$25.00
	Cashier's Checks (Customers Only)	\$10.00/Per Item
	Cashier's Checks in Lieu of On Us Items (Non-Customers)	\$10.00/Per Item
	Charge-Backs	\$6.99
	Coin Counting & Rolling	\$0.10/per roll
	Commercial Counter Deposit Slips	\$1.00/each
	Court Ordered Records	\$75.00
	Credit Card Cash Advances	\$5.00
	Credit Verification	\$25.00
	Currency Straps	\$0.30/ per \$1000
	Customer Service Inquiries	\$2.99
	Endorsement Stamp	At bank cost.
	Fax Requests	\$2.99
	Foreign Currency Exchange	Market Price
	Loose Coin	3% of total
	Loose Coin (Non Customer)	8% of total
	Manual Transfer of Funds	\$5.99/per Transfer
	Money Order (Customers Only)	\$5.00/Per Item
	Photocopy (Customer)	\$2.00/each page
	Photocopy (Non Customer)	\$3.00/each page
	Reclamation of Deposit Items	\$50.00
	Redeposit Fee	\$6.99
	Rejected/Non- MICR Readable Item	\$1.99
	Research of Account	\$50.00 (minimum)/per hour
	Returned Mail	\$10.00 per statement cycle
	Signature Card Update	\$10.00
	Temporary Checks	\$1.00/each
	Traveler's Checks (Customers Only)	1% per \$100
	A monthly fee may be assessed on any account for failure to	\$10.00
29. FDIC Insurance	FDIC Insurance *	.05% of Ave. Monthly Account Balance
	* Ave. Account balance will be subject to .10% Federal Reserve requirement	



BANKING INVESTMENTS INSURANCE

CUSTODY SERVICES

	<u>Price</u>
Monthly Service Charges	
Account Maintenance	\$8.00 per Month per account
Receipts held during month	
Book entry fixed income securities	\$0.48 per receipt
Book entry equity securities	\$1.20 per receipt
Physical securities	\$1.60 per receipt
Asset Value as of month end	
Book entry securities	\$0.028 per \$10,000 par outstanding
Physical securities	\$0.08 per \$10,000 par outstanding
Safekeeping Online	\$32.00 Per/Mo per account 3 services No charge for basic service
Clearance Fees	
<u>Trades with Frost Bank</u>	
FRB non-ABS/MBS	No Charge
FRB ABS/MBS	No Charge
Non-FRB non-ABS/MBS	No Charge
Non-FRB ABS/MBS	No Charge
Physical Items	No Charge
<u>Trades with other brokers</u>	
FRB non-ABS/MBS	\$16.00 per transaction
FRB ABS/MBS	\$20.00 per transaction
Non-FRB non-ABS/MBS	\$24.00 per transaction
Non-FRB ABS/MBS	\$28.00 per transaction
Physical Items	\$60.00 per transaction
Late delivery instructions	\$20.00 per transaction
Change delivery instructions	\$20.00 per transaction
Transactional Fees	
Interest/Dividend payment	\$0.80 per transaction
Principal payment	\$6.40 per transaction
Called bond redemption	\$8.00 per transaction
Maturity	\$8.00 per transaction
Special handling charge - additional	\$16.00 per transaction
Proxies/annual statements	\$2.40 per transaction
Treasury Auctions	\$40.00 per transaction
Pledging	
Pledge or Release	\$4.80 per transaction
Substitution	\$9.60 per transaction
Over the counter collections	
Coupons	\$16.00 per envelope
Bonds	\$16.00 per bond corpus + postage & insurance
Other Services	
Registrations and re-registrations	\$28.00 per transaction
Physical examination of securities	\$20.00 per transaction
Reorganization - tender and exchanges	\$28.00 per transaction
Account verification statements (free monthly)	\$2.00 per transaction
Account research	\$20.00 per hour
Indirect Inquiries for lost or stolen securities	
Semi-annual charge	\$20.00 per transaction
Inquiry	\$2.40 per transaction



BANKING INVESTMENTS INSURANCE

Sample

\$2,000,000 par, 4 receipts, one paydown purchased

CUSTODY SERVICES			
	<u>Volume</u>	<u>Price</u>	<u>Cost</u>
Safekeeping Receipts-fixed	4	0.48	1.92
Assets per \$10M Par Value	200	0.028	5.60
Account Maintenance	1	8.00	8.00
Interest Payment	1	0.80	0.80
Paydown	1	6.40	6.40
Maturity	-	8.00	-
Pledge	-	4.80	-
Clearance (see note A)			
IN - FRB asset backed	1	20	20.00
			<u>\$ 42.72</u>

A) Trades completed through Frost Bank Capital Markets do not incur a clearance settlement fee.

B) Safekeeping Online basic available at no charge. Basic includes credit advices, maturity notices, call notices, credit advices and monthly statement of holdings online. Extract and Messenger available for additional fee.

Public Fund Accounts Currently Held at Lone Star National Bank

- 1 Affordable Homes of South Texas
- 2 Agua Special Utility District
- 3 Brooks County
- 4 Brooks Development Authority
- 5 Brownsville ISD
- 6 Brownsville Navigation District
- 7 Cameron County Emergency Service District
- 8 Cameron County Drainage District
- 9 Cameron County Housing Corp.
- 10 Cameron County Spaceport Dev. Corp.
- 11 City of Alton
- 12 City of Donna
- 13 City of Edcouch
- 14 City of Edinburg
- 15 City of Granjeno
- 16 City of Harlingen
- 17 City of Hidalgo
- 18 City of Hidalgo EDC
- 19 City of Hidalgo State Farm Arena
- 20 City of La Joya
- 21 City of Palmview
- 22 City of Penitas
- 23 City of Pharr
- 24 City of Rio Grande City
- 25 City of Rio Hondo
- 26 City of Roma
- 27 City of Sullivan
- 28 Communities in Schools
- 29 County of Cameron
- 30 County of Hidalgo
- 31 Court Appointed Special
- 32 Development Corporation of Penitas Inc.
- 33 Dr. Education/Physicians
- 34 Edinburg CISD
- 35 Edinburg Housing Development Corp.
- 36 Edinburg Housing Opportunity Corp.
- 37 Harlingen Housing Authority
- 38 Hidalgo Appraisal District
- 39 Hidalgo Community Service Agency
- 40 Hidalgo County Clerk
- 41 Hidalgo County Drainage District
- 42 Hidalgo County Emergency #3
- 43 Hidalgo County MUD #1
- 44 Hidalgo District Clerk
- 45 Hidalgo ISD
- 46 Housing Authority of the County of Hidalgo
- 47 La Joya EDC
- 48 Paseo De La Resaca MUD #1
- 49 Paseo De La Resaca MUD #2
- 50 Paseo De La Resaca MUD #3
- 51 Penitas Economic Development Corporation
- 52 Pharr Affordable Housing Corporation
- 53 Pharr Economic Development Corp.
- 54 Pharr Housing Authority
- 55 Pharr Housing Development
- 56 Pharr Hsg Finance Corp
- 57 PHFC
- 58 Port of Harlingen
- 59 Progreso ISD
- 60 PSJA ISD
- 61 Ramirez Common School District
- 62 Region One
- 63 Rio Grande CISD
- 64 Rio Grande City 4B (EDC)
- 65 Roma ISD
- 66 Santa Maria ISD
- 67 Sharyland ISD
- 68 South Texas Educational Technologies
- 69 South Texas ISD
- 70 Starr County
- 71 Starr County Appraisal
- 72 Starr County Memorial Hospital
- 73 Texas Rural Legal Aid
- 74 Texas Southmost College
- 75 The Pharr Oratory Academy of St Philip
- 76 Tropical Texas Behavioral Health Center
- 77 Valley Aids Council
- 78 Valley Municipal Utility District No. 2

Rio Grande Valley Banking Centers	Address	City	Phone Number
Main Street	800 N. Main Street #600	McAllen, TX 78501	(956) 217-6330
Lindberg	200 Lindberg Avenue	McAllen, TX 78501	(956) 682-6364
La Placita	2109 S. 10th Street	McAllen, TX 78503	(956) 971-6700
Med Point	1300 E. Ridge Road	McAllen, TX 78501	(956) 686-0459
Nolana	600 E. Nolana Avenue	McAllen, TX 78504	(956) 217-6300
Corporate Office	520 E. Nolana Avenue	McAllen, TX 78504	(956) 984-2991
Pharr South	118 S. Cage Boulevard	Pharr, TX 78577	(956) 283-3400
Pharr	206 W. Ferguson Avenue	Pharr, TX, 78577	(956) 781-4321
Dove	5515 N. 10th Street	McAllen, TX 78504	(956) 984-2500
DHR Medical	5537 N. McColl Road	McAllen, TX 78504	(956) 661-6510
Mission	2003 E. Griffin Parkway	Mission, TX 78572	(956) 584-0236
Mission Medical	1100 S. Bryan Road	Mission, TX 78572	(956) 424-0874
Hidalgo	633 S. International Boulevard	Hidalgo, TX 78557	(956) 843-4916
Edinburg	117 S. 10th Avenue	Edinburg, TX 78542	(956) 386-0134
Palmview	720 E. Veterans Boulevard	Palmview, TX 78572	(956) 585-1873
Weslaco North	620 W. Expressway 83	Weslaco, TX, 78596	(956) 447-4300
Weslaco	214 S. Texas Boulevard	Weslaco, TX, 78596	(956) 973-7700
Roma	305 E. Grant Street	Roma, TX 78584	(956) 847-2150
Rio Grande City West	201 N. Texas Street	Rio Grande City, TX 78582	(956) 488-1442
Rio Grande City	2300 E. US Highway 83	Rio Grande City, TX 78582	(956) 488-0100
Harlingen	1901 N. Ed Carey Drive Suite 100	Harlingen, TX 78550	(956) 365-5900
Brownsville	3300 N Expressway 83	Brownsville, TX 78520	(956) 554-6800
Boca Chica	2100 Boca Chica Boulevard	Brownsville, TX 78520	(956) 574-7300
South Padre Island	601 Padre Boulevard	South Padre Island, TX 78597	(956) 982-8530
Lone Star Plaza	1505 Lone Star Way	Edinburg, TX 78539	(956) 971-6735
Alton	605 S. Alton Boulevard	Alton, TX 78573	(956) 391-3697
Ware	3621 N. Ware Road	McAllen, TX 78501	(956) 731-3164
Paseo	101 America Drive	Brownsville, TX 78520	(956) 554-6860

San Antonio Banking Centers

Zarzamora	6986 S. Zarzamora Street	San Antonio, TX 78224	(210) 927-8651
San Antonio Medical	7954 Fredericksburg Road	San Antonio, TX 78229	(210) 616-3086
Huebner	15326 Huebner Road	San Antonio, TX 78248	(210) 479-4701
Huntington	3424 Paesanos Parkway Street 102	San Antonio, TX 78231	(210) 489-4550
Stone Oak	381 N. Loop 1604 W.	San Antonio, TX 78232	(210) 308-3701

Motor Banks

Harlingen	1901 N. Ed Carey Drive Suite 100	Harlingen, TX 78550	(956) 365-5900
Port Isabel	202 E. Queen Isabella Boulevard	Port Isabel, TX 78578	(956) 943-4681

Banking Centers, Mortgage & ATM Locations

Rio Grande Valley Locations

Brownsville

3300 N. Expressway 83
• Mortgage Center • ATM • Motor Bank

2100 Boca Chica Boulevard
• ATM • Motor Bank

Edinburg

117 S. 10th Avenue
• ATM • Motor Bank

Harlingen

1901 N. Ed Carey Drive, Suite 100
• ATM • Motor Bank

918 W. Harrison Avenue
(Motor Bank)
• ATM

Hidalgo

633 S. International Boulevard
• ATM • Motor Bank

McAllen

520 E. Nolana Avenue
(Corporate Office)

5515 N. 10th Street
• ATM • Motor Bank

200 Lindberg Avenue
• ATM • Motor Bank

1300 E. Ridge Road
• ATM • Motor Bank

600 E. Nolana Avenue
• ATM • Motor Bank

5537 N. McColl Road
• ATM • Motor Bank

800 N. Main Street, Suite 600
(Located at the Art Village on Main)
• ATM

2109 S. 10th Street
• ATM • Motor Bank

Mission

2003 E. Griffin Parkway
• ATM • Motor Bank

1100 S. Bryan Road
• ATM • Motor Bank

Palmview

720 E. Veterans Boulevard
• ATM • Motor Bank

Pharr

206 W. Ferguson Avenue
• ATM • Motor Bank

1201 S. Cage Boulevard
(Motor Bank)
• ATM

118 South Cage Boulevard
(Located at the Pharr City Hall Building)
• ATM • Motor Bank

Port Isabel

202 E. Queen Isabella Boulevard
(Motor Bank)
• ATM

Rio Grande City

2300 E. Highway 83
• ATM • Motor Bank

201 N. Texas Street
• ATM • Motor Bank

Roma

305 E. Grant Street
• ATM • Motor Bank

South Padre Island

601 Padre Boulevard
• ATM • Motor Bank

Weslaco

214 S. Texas Boulevard
• ATM • Motor Bank

620 W. Expressway 83
• ATM • Motor Bank

San Antonio Locations

7954 Fredericksburg Road
• ATM • Motor Bank

10000 San Pedro Avenue
• ATM • Motor Bank

6986 S. Zarzamora Street
• ATM • Motor Bank

15326 Huebner Road
• ATM • Motor Bank

381 N. Loop 1604 W.
• ATM • Motor Bank

Mortgage Centers

McAllen

4500 N. 10th Street, Suite 305

San Antonio

930 Proton, Suite 106

Lone Star Insurance Services

520 E. Nolana Avenue, Suite 110
McAllen, Texas 78504

LSNB Investment Services

520 E. Nolana Avenue, Suite 120
McAllen, Texas 78504

Offsite ATM Locations

Alton

605 S. Alton Boulevard
(Located Across Alton City Hall)

Edinburg

5502 S. McColl Road
(Located Inside The Women's Hospital at Renaissance)

5501 S. McColl Road
(Located Inside Doctors Hospital at Renaissance)

1380 W. University Drive

100 N. Closner Boulevard
(Hidalgo County Courthouse)

100 E. Freddy Gonzalez Drive
(Located Inside Edinburg Municipal Court)

415 W. University Drive
(Located Inside Edinburg City Hall)

2802 S. Business Highway 281
(Located Inside The Hidalgo County Administration Building)

315 E. Palm Drive
(Located Inside The Edinburg Wellness Center)

1510 S. Highway 336

McAllen

3700 Buddy Owens Avenue
(Located at Burger King)

Palmhurst

4121 N. Conway Avenue

Pharr

3000 N. Cage Boulevard
(Located Inside The Pharr Events Center)

Progreso

251 S. International Boulevard
(Located at the Progreso International Bridge)

Roma

2897 E. Grant Street

San Juan

400 N. Virgen de San Juan Boulevard
(Located Outside the Shrine Gift Shop & Inside the Basilica Shrine)

Securities, financial planning, and insurance products offered through LPL Financial and its affiliates, A Registered Investment Advisor, Member, FINRA/SIPC.

Lone Star National Bank and LSNB Investment Services are not registered broker/dealers and are not affiliated with LPL Financial.

Insurance products offered through Lone Star Insurance Services.

**INVESTMENT AND INSURANCE PRODUCTS ARE:
NOT A DEPOSIT • NOT FDIC INSURED
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY
NOT GUARANTEED BY THE BANK • MAY LOSE VALUE**

Lone Star National Bank Funds Availability Policy

Our policy is to make funds from your check deposits available to you on the FIRST business day after the day we receive your deposit. Electronic direct deposits will be available on the NEXT day. Wire transfer and cash deposits will be available the day after the deposit. Once the deposits are available you can withdraw the funds in cash and we will use the funds to pay checks you have written.

Please remember that even after we have made funds available to you, and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. If you make a deposit before 9:00 p.m. Monday through Friday on a business day we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after the cut-off time or on a day we are not open, we will consider the deposit was made on the next business day we are open. Our cut-off time is 9:00 p.m. central time. Mail-in deposits are processed by 3:00 p.m. central time, that day.

LONGER DELAYS MAY APPLY. In some cases we will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the SECOND business day after the day of your deposit. However, the first \$200.00 of your deposits may be available on the FIRST business day.

If we are not going to make all of the funds from your deposit available on the first business day after we receive your deposit we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the business day after we receive your deposit.

If you need the funds from a deposit right away, you should ask us when the funds will be available.

In addition, funds you deposit by check may be delayed for a longer period under the following circumstances:

SAFEGUARD EXCEPTIONS

- We believe a check you deposit will not be paid
- You deposit checks totaling more than \$5,000.00 on any one day
- You redeposit a check that has been returned unpaid
- You have overdrawn your account repeatedly in the last six months

- There is an emergency, such as failure of communications or computer equipment

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the SEVENTH business day after the day of your deposit.

SPECIAL RULES FOR NEW ACCOUNTS: If you are a new customer, the following special rules will apply during the first 30 days your account is open:

Funds from electronic direct deposit will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,000.00 of a day's total deposit of cashier's, certified, teller's, traveler's, and federal, state and local government checks will be available on the FIRST business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess over \$5,000.00 will be on the NINTH business day after the day of your deposit. If your deposit of these checks (other than a U.S. treasury check) is not made in person to one of our employees, the first \$5,000.00 will not be available until the SECOND business day AFTER the day of your deposit.

Funds from all other check deposits may be available on the seventh business day after the day of your deposits.

SPECIAL PROVISIONS:

All ATMs we own or operate are identified as our machines.

If we cash a check for you that is drawn on another bank, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

If we accept for deposit a check that is drawn on another bank, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would not then be available for withdrawal until the time periods that are described elsewhere in this disclosure for the types of check that you deposited.

**LONE STAR NATIONAL BANK
INDEMNIFICATION FOR FACSIMILE SIGNATURES**

This Indemnification Agreement ("Agreement") is executed on and effective as of _____, 201__ by and between _____, ("Customer"), and Lone Star National Bank ("Bank"). The terms and conditions in this Agreement are in addition to the Deposit Account Agreement all other agreements between Bank and Customer. Should any inconsistency exist or arise between the terms of this Agreement and the other agreements between Bank and Customer, this Agreement shall control.

RECITALS

A. Customer maintains the following account(s) at Bank:

_____("Account(s)").

B. Customer desires to use facsimile signatures on the Account(s).

C. Bank agrees to allow the use of facsimile signatures from Customer provided that Customer indemnifies Bank for any liability incurred as a result of the use of facsimile signatures.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises set forth in this Agreement, the parties to this Agreement agree as follows:

ACCEPTANCE OF FACSIMILE SIGNATURE. Customer authorizes Bank to honor items bearing or purporting to bear reproductions or facsimile signatures of authorized signatories on the Account(s). Customer understands and agrees that it assumes all risks and responsibility for such procedure, including but not limited to, the risk that the facsimile signature may be affixed by an unauthorized individual or the risk that the facsimile signature may not be genuine.

DUTY TO NOTIFY. Customer understands and agrees that it is responsible for the security of its facsimile signature device. Customer further understands and agrees that it shall notify Bank immediately if the facsimile signature is stolen, missing, or becomes compromised.

INDEMNIFICATION. Customer agrees to indemnify, defend, and hold Bank harmless from and against any and all claims, liability, damages, expenses and costs (including, but not limited to, reasonable attorneys' fees) related to or arising from Bank's acceptance of facsimile signatures from Customer.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Lone Star National Bank

Customer

By: _____ By: _____

Title: _____ Title: _____

Date: _____ Date: _____

Lone Star National Bank

Treasury Management Services Agreement

Procedures, Terms and Conditions

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GENERAL PROVISIONS

Definitions

"Additional Authentication Information" ("AAI") means such additional authentication information that Bank may require Customers to provide at Bank's sole discretion.

"Authorized Signer" means such person as is identified on Schedule B as a person authorized to sign on behalf of Customer.

"Affiliate" means a person who controls, is controlled by, or is under common control with another person.

"Banking day" means any business day on which the Bank is open to the public for carrying on substantially all of its banking functions.

"Book Transfer" means an alternate entry system for transferring funds between Customer's demand deposit accounts at the Bank, including any linked accounts.

"Business day" means a calendar day other than Saturday or Sunday or a federal legal holiday.

"Consumer Account" means an account used primarily for personal, family, or household purposes.

"Funds Transfer" includes Book Transfers, Automated Clearinghouse Transactions, and Wire Transfers

"NACHA" means the National Automated Clearing House Association.

"Organization" includes, but is not limited to, a corporation, limited or general partnership, limited liability partnership or limited liability limited partnership, limited liability Customer, business trust, real estate investment trust, cooperative, association, or other organization, regardless of whether the organization is for-profit, nonprofit, domestic or foreign.

"Parent" means an organization that, directly or indirectly through or with one or more of its subsidiaries: (a) owns at least 50 percent of the outstanding ownership or membership interests of another organization; or (b) possesses at least 50 percent of the voting power of the owners or members of another organization.

"Person" includes a sole proprietor, corporation, organization, government or governmental subdivision or agency, business trust, estate, trust partnership, association and any other legal entity.

"Related Entity" means either (a) a Parent, (b) a Subsidiary, or (c) an Affiliate of Customer.

"Subsidiary" means an organization for which another organization, either directly or indirectly through or with one or more of its other subsidiaries: (a) owns at least 50 percent of the outstanding ownership or membership interests of the organization; or (b) possesses at least 50 percent of the voting power of the owners or members of the organization.

"Transactional User" means a person who may perform transactions related to a Service or Services.

"Wire Transfer" means a transfer of funds by means of FEDWIRE, through a correspondent bank, SWIFT, TELEX, or other means but shall not include a transfer through NACHA.

"Writing" includes printing, typewriting, or any other intentional reduction to tangible form, including electronic records.

1. Treasury Management Services

(a) **Overview.** Lone Star National Bank (the "Bank") offers various Treasury Management Services (individually, each a "Service", collectively the "Services") to its commercial customers (each a "Customer"). These Services include, but are not limited to the following:

Automated Clearing House ("ACH") Services

Wire Transfer

Positive Pay

Bill Pay

Remote Deposit Complete (RDC)- Office Banker

Mobile RDC

The execution of the Treasury Management Services Agreement (the "Agreement") obligates the parties with regard to the general terms and conditions related to use by the Customer of any Service or Services offered by the Bank, regardless of whether such Service is performed traditionally, online or through some combination thereof. **Nonetheless, before the Customer begins using any of the Services, the Customer must mail or deliver a duly authorized and executed copy of the Agreement to the Bank for review and approval.**

(b) **Enrollment in a Service or Services.** Enrollment in any individual Service requires the completion of the Treasury Management Services Request (the "Request"), attached hereto as Schedule A. Enrollment in a Service or Services is accomplished by obtaining, completing, signing, and submitting the Request to the Bank.

2. Accounts.

(a) **General.** The Customer agrees to maintain a minimum of at least one (1) checking account ("Demand Deposit Account") with the Bank with funds sufficient to cover the transactions initiated pursuant to the Agreement, and to cover fees required to pay for Services provided thereunder.

(b) **Authorization for Transfers to and from Accounts.** The Customer expressly authorizes the Bank to debit the appropriate Deposit Account in the amount of any transfer initiated by the Customer pursuant to the Agreement, or initiated by any other person the Customer authorizes to access Deposit Account(s). The Customer agrees that the Bank: (i) may treat any transfer, whether initiated online or otherwise, from a Deposit Account the same as a duly executed written withdrawal, transfer, or check; (ii) may treat any transfer to a Deposit Account the same as a deposit by cash or check; (iii) may treat any transfer to a loan account the same as a loan payment to the Bank; and (iv) may treat any transfer from a loan account the same as a loan advance from the loan account, all in accordance with the terms of the Agreement and the Customer's agreement with the Bank governing the Deposit Account (the "Deposit Account Agreement") or the Customer's agreement with the Bank governing any such loan account (the "Loan Agreement"), as applicable.

(c) **Customer Printed Checks.** The Bank reserves the right, with respect to any and all of the Services, to require Customer to submit any non-Bank printed checks (i.e. checks that are printed by the Customer, or printed by an independent printer at the request of the Customer) for Bank's review and approval regarding format, size, and other requirements. If Bank exercises such review and approval right for any of the Services, Customer shall be required to submit such non-Bank printed checks for Bank's review and approval prior to Customer using such non-Bank printed checks or upon request by the Bank should the Bank identify possible processing issues regarding the checks.

3. The Agreement.

(a) **General.** The terms and conditions of the Agreement, including the Request, any service setup forms, the Treasury Management Services Agreement, and all attachments, authorizations, schedules and exhibits, together with all amendments or modifications thereto, are cumulative with and in addition to any terms of the Deposit Account Agreements and related Deposit Account signature cards and authorizations, Loan Agreements, the applicable Deposit and Loan Agreement disclosures, the Bank's service schedule, the Bank's Schedule of Funds Availability, any credit account agreements relating to any credit accounts the Customer may have with the Bank (together, the "Bank Agreements, Schedules and Disclosures"), the rules and regulations of any federal or state agency that supervises the Bank's activities or insures accounts at the Bank, and any applicable clearinghouse operating rules and guidelines, including, but not limited to those of the National Automated Clearing House Association ("NACHA"), and any other applicable local clearing house association, all as may be amended from time to time.

(b) **Inconsistencies.** Should any inconsistency exist or arise between the terms of the Agreement, as relates to any Service or Services, and the terms of any other Bank Agreements, Schedules and Disclosures, the terms of this Agreement shall control, but only to the extent of the inconsistency. Furthermore, should any inconsistency exist or arise between the General Provisions of the Agreement and the applicable Service specific provisions, the terms of the Service specific provisions shall control, but only to the extent of the inconsistency.

(c) **Amendment.** The Bank may amend the Agreement from time to time. If no federal or state law specifically governs an amendment, then at least ten (10) calendar days prior to the effective date of the amendment, the Bank will deliver notice to the Customer of the amendment as provided for in Section 4 of these General Provisions. Notwithstanding the foregoing and to the extent permitted by applicable law, the Bank may amend any term of the Agreement without prior notice or obligation to the Customer: (i) if a service provider changes any term without providing the Bank sufficient prior notice to enable the Bank to timely notify the Customer; (ii) for security reasons; (iii) to comply with applicable law; or (iv) as otherwise expressly provided in the Agreement. Use by the Customer of the Service(s) following the effective date of any amendment shall constitute the Customer's acceptance of and agreement to the amendment. If the Customer does not agree to the changes as set forth in an amendment, the Customer may choose to terminate the Service(s) affected by the amendment prior to the effective date of the amendment by discontinuing further use of the Service and following the procedures set forth in Section 24 of these General Provisions. Unless otherwise provided for herein, the Agreement may not be amended or modified unless agreed to in writing by the Bank.

4. Notices and Instructions.

(a) **General.** Unless otherwise stated in the Agreement, all notices required pursuant to the Agreement and the Services shall be in writing. The Bank shall be entitled to rely on any written notice or other written, electronic or telephone communication believed by it in good faith to be genuine and to have been initiated by an authorized representative of the Customer to the Bank. Any such communication will be deemed to have been authorized by the Customer. The parties agree that the Bank's records of telephonic or electronic instructions shall be conclusive evidence of the actual notice or instructions given by the Customer and recorded by the Bank.

(b) **Data Recording.** Customer and Bank agree that all telephone conversations or data transmissions between them or their agents made in connection with this Agreement may be recorded and retained by either party by use of electronic or any reasonable means. The Bank, however, has no duty to record or monitor such telephone conversations or online transmissions and communications, and the election to record and/or monitor is within the Bank's sole discretion.

(c) **Delivery of Notices, Disclosures, Amendments or Other Communications by the Bank.** The Customer acknowledges and agrees that, to the extent permitted by applicable law, the Bank may deliver all notices, disclosures, amendments or other communications required hereunder to the Customer by email at the Customer's email address as provided to the Bank or through Business Online Banking. To the extent

permitted by applicable law, the Customer agrees that each such communication will be binding and enforceable to the same extent as if it were delivered to the Customer in writing by regular mail, branch posting, or in person.

(d) **Electronic Mail Communication.** The Customer may send email to the Bank and receive email from the Bank. Communications sent to the Bank over the Internet are considered unsecured unless the information is encrypted with the equivalent of 128-bit encryption technology, or transmitted via a secure session using a commercial reasonable security technology that provides a level of security that is equivalent to 128-bit RC4 encryption technology. The Customer agrees that unsecured email will not be used to deliver sensitive personal or private information that includes, but is not limited to bank routing numbers, account numbers, Social Security numbers, ATM & Checkcard numbers, personal identification numbers ("PIN"s), home addresses, User IDs, Passwords, ACH entries, or to provide required notices to the Bank pursuant to any agreement the Customer has with the Bank, unless such agreement expressly provides for email notification. **THE CUSTOMER ACKNOWLEDGES AND AGREES THAT ANY REQUEST(S) SENT TO THE BANK THROUGH AN UNSECURED ELECTRONIC NETWORK ARE IN VIOLATION OF BANK AND NACHA POLICY AND PROCEDURES. THE CUSTOMER UNDERSTANDS AND AGREES THAT THE BANK IS NOT LIABLE FOR ANY LOSS OR DAMAGE INCURRED BY THE CUSTOMER WHEN AN UNAUTHORIZED PERSON GAINS ACCESS TO ANY SUCH EMAIL. THE CUSTOMER AGREES TO INDEMNIFY AND HOLD THE BANK HARMLESS IF THE BANK ACTS WITH ORDINARY CARE IN GOOD FAITH BY RESPONDING TO ANY EMAIL PURPORTED TO BE SENT BY THE CUSTOMER. THE BANK'S IMPLEMENTATION OF ITS NORMAL PROCEDURES REGARDING RECEIPT AND MAINTENANCE OF CONFIDENTIAL INFORMATION CONSTITUTES ITS EXERCISE OF DUE CARE.** Email transmitted by the Customer to the Bank may not be delivered to the Bank immediately. If the Customer needs to contact the Bank immediately to stop a payment, to report an unauthorized use of the Customer's User ID, to report unauthorized access to an account, or for any other reason, the Customer shall contact the Bank by telephone at the telephone number provided herein, or in person. The Bank will not be responsible for acting on or responding to any email request made until the Bank actually receives the Customer's email message and the Bank has a reasonable opportunity to act. Customer should check its email regularly as the Bank may attempt to notify the Customer by email in the event of any technical difficulties or other occurrence that may affect the Bank's online Services.

(e) **Address for Notification.** All notices to be delivered by the Customer to the Bank pursuant to the Agreement can be made to the physical address, postal address, or telephone number indicated below, as applicable pursuant to the terms of the Agreement and the requirements of the notice:

Lone Star National Bank
Attn: Treasury Management Dept.
206 W. Ferguson, Pharr, TX 78577
1-800-580-0322

All notices to be delivered by the Bank to the Customer pursuant to the Agreement can be made to the postal address, email address, or telephone number indicated in the attached Resolution or Authorization to Obtain Treasury Management Services (the "Authorization"), such notification information as may be amended in writing by the Customer from time to time.

5. Submission of Information and Documents.

(a) **Delivery of Documents.** The Customer agrees to deliver, in a form and content satisfactory to the Bank, such additional executed, or as the case may be, certified, documents required by the Bank from time to time to obtain and to continue to receive the specific Service(s) requested by the Customer, including Deposit Account signature cards, declarations, authorizations, resolutions, implementation documents and updated statements. In addition, Customer shall execute Bank's "Treasury Management Services Guaranty" immediately upon Bank's request in the event that Bank, in its sole discretion, requires Customer to execute such guaranty to either: (i) receive initial Bank approval for Bank's provision of specific Service(s) to Customer; or (ii) continue receiving specific Service(s) from Bank if there is an occurrence of a material change in Customer's credit and/or

risk analysis criteria and Bank determines, in its sole and absolute discretion, that such guaranty is necessary to satisfy Bank's credit and risk management criteria. If Bank requires Customer to execute a "Treasury Management Services Guaranty" and Customer refuses, Bank may, in its sole and absolute discretion, either refuse to enter into this Agreement and refuse to provide specific Service(s) to Customer, or discontinue providing specific Service(s) and/or immediately terminate any existing Agreement with Customer in accordance with Section 24 of this Agreement.

(b) **Provision of Information.** Prior to initiating a new Service, the Customer agrees to provide all information which the Bank may request including specifications, test results, check samples, transmissions, and documents. In the event that the Bank determines, in its sole discretion, that any specification, test result, sampling, transmission, or document does not meet its requirements, the Bank may advise the Customer that the Customer will not be eligible to obtain the Service(s) until requested information that is satisfactory to the Bank is provided by the Customer.

(c) **Authorizations.** By providing the Authorization to Obtain Treasury Management Services (Schedule B), the Customer authorizes the individual(s) named therein to be Authorized Signers and Authorized Administrators (collectively, the "Authorized Parties").

(i) "Authorized Signers" have the authority to sign the Agreement and any addenda thereof; to accept on behalf of the Customer the terms and conditions governing the use of Services, including acceptance of Security Procedures (as defined herein); to enroll in Services; to appoint and remove Authorized Administrators (as defined below); to authorize and remove the authorization of individual Transactional Users (as defined below) who perform transactions related to a Service or Services; and to perform transactions related to any Service hereunder.

(ii) "Authorized Administrators" have the authority to enroll in Services; to sign addenda to the Agreement as they relate to Services; to authorize and remove the authorization of individual Transactional Users who perform transactions related to a Service or Services; and to perform transactions related to any Service hereunder.

(iii) Customer may also designate and administrator or administrators for setting up transaction limits for users, transaction controls, user accounts, user authority levels, and other administrative functions within Online Banking ("Online Administrator"). Designations and changes of authority made within the Online Banking platform are independent of and do not affect designations of Authorized Signers or Authorized Administrators made via a physical form or writing, telephone, or other means besides Online Banking. If Customer wishes to revoke the authority of an individual to manage or initiate transactions under this Agreement, Customer must assure that the individual's authority is revoked both through Online Banking and by contacting Bank in writing by other means.

(iv) Prior to utilizing any specific Service, the Customer shall furnish the Bank with documentation in form and content satisfactory to the Bank, naming the Customer's employees, agents and third-party vendors hired by the Customer to perform any of the transactions required by the Customer under the Agreement and naming those individuals who are authorized to act on behalf of the Customer with respect to the Service (the "Transactional Users").

(v) **THE CUSTOMER AGREES THAT IN THE EVENT THE CUSTOMER DESIRES TO NAME ADDITIONAL AUTHORIZED ADMINISTRATORS OR REMOVE THE AUTHORITY OF AN EXISTING AUTHORIZED ADMINISTRATOR, THE CUSTOMER MUST PROVIDE THE BANK WITH WRITTEN INSTRUCTIONS ADVISING THE BANK OF THE CHANGE IN AUTHORITY SIGNED BY A PERSON NAMED AS AN AUTHORIZED SIGNER ON THE MOST CURRENT AUTHORIZATION. THE CUSTOMER AGREES THAT THE BANK WILL RELY ON THE MOST CURRENT AUTHORIZATION AND THE MOST CURRENT SERVICE-RELATED TRANSACTIONAL USER AUTHORIZATIONS SUPPLIED BY THE CUSTOMER AND, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BANK SHALL HAVE NO LIABILITY FOR UNAUTHORIZED ACTIONS TAKEN OR TRANSACTIONS PERFORMED BY**

THOSE INDIVIDUALS NAMED AS AUTHORIZED PARTIES ON THE CURRENT AUTHORIZATION OR AS TRANSACTIONAL USERS ON SERVICE-RELATED AUTHORIZATIONS.

(vi) The Customer understands and acknowledges its responsibility for performing and maintaining appropriate background checks on employees or applicants for employment with Customer who are or may become Authorized Parties or Transactional Users, or may otherwise have any responsibility for handling Customer's affairs, and it maintains a system of reasonable controls in place, including a program that encourages Customer's employees to report fraudulent or dishonest activities to Customer's management. Customer acknowledges that such background checks and controls are a critical component of an effective security program.

(d) **Credit Check and Audit.** Customer authorizes Bank to check its credit background and history. Bank has the right to audit Customer's compliance with this Agreement and the NACHA Rules. If it is determined that Customer has breached this Agreement or the NACHA Rules, Bank has the right to terminate or suspend this Agreement.

6. Security Procedures; Customer's Data Security Obligations; Limitation on Liability; Responsibility for Loss.

(a) **Security Procedures under the Agreement.** Where required for any Service, the Bank and the Customer will agree in writing to one or more security procedures ("Security Procedures") that must be used by the Bank and the Customer in connection with the Service(s). Security Procedures offered by the Bank are described herein and in documentation related to the applicable Service. As part of the Security Procedures, Bank may employ various authentication technologies. As part of the Bank's "Online Banking Services" for commercial Customers, Bank employs various security and authentication technologies to ensure that Authorized Parties and Transactional Users are communicating directly with Bank, and also to ensure that the Customer's computer is communicating with a legitimate Bank computer. Such Bank authentication procedures and technologies include, but are not limited to, use of Customer Online Banking Services User IDs, passwords and other "Additional Authentication Information" ("AAI") that Bank may require Customers to provide at Bank's sole discretion. Such AAI is required as a component of various Online Banking Services authentication procedures that Bank may employ, including, but not limited to, security questions and responses and/or use of other hardware-based and software-based security and authentication tools, programs and procedures. The Customer is responsible for the establishment and maintenance of its internal procedures reasonably adapted to insure the confidentiality and security of Security Procedures. **CUSTOMER UNDERSTANDS AND AGREES THAT CUSTOMER WILL BE RESPONSIBLE FOR MAINTAINING SECURITY AND CONTROL OVER ALL USER IDS AND PASSWORDS OF THE CUSTOMER'S AUTHORIZED PARTIES AND TRANSACTIONAL USERS, AND SHALL USE SECURITY FOR SUCH ITEMS COMPARABLE TO THE SECURITY AND CONTROL CUSTOMER WOULD USE FOR CASH, OR A MECHANICAL CHECK-SIGNING MACHINE, BUT IN NO EVENT LESS THAN REASONABLE SECURITY AND CONTROL IN THE CIRCUMSTANCES.** If the Customer or its employees or agents have reason to believe that any Security Procedure has or may have become known by unauthorized persons (whether or not employed by the Customer), the Customer shall immediately notify the Bank by telephone and confirm such oral notification in writing to the Bank within twenty-four (24) hours of the oral notification. The Bank will replace the Security Procedures in accordance with the Bank's standard security requirements related to the applicable Service(s). To the maximum extent permitted by applicable law, the Customer will be solely liable for all transactions, including funds transfer instructions and other communications, initiated before the Bank has received such notification and has had a reasonable opportunity to act on such notification. The Bank reserves the right to change any or all of the Security Procedures offered and/or used at any time by giving oral or written notice to the Customer. The Customer agrees that its use of the related Service or Services after the Bank provides notice of such changes constitutes Customer's acceptance of the new Security Procedures. The Customer acknowledges that the purpose of Security Procedures is to authenticate the identity of the person initiating the action, not to detect errors in any transmission or content. The Bank is not agreeing to any security or other procedure for the detection of errors. Bank and Customer agree the Security Procedures set forth in this Agreement are commercially reasonable,

considering Customer's wishes expressed to Bank, Customer's circumstances known to Bank, including the size, type, and frequency of payment orders Customer normally issues to Bank, any alternative Security Procedures offered to Customer, and security procedures in general used by customers and banks similarly situated. Customer agrees the Security Procedures provide an appropriate level of security for the payment orders Customer contemplates issuing. Customer expressly represents it has not withheld any information or circumstances from Bank, which would indicate different Security Procedures are appropriate for this Agreement. Customer agrees to be bound by any wire transfer or payment order Bank receives, even if the order is not authorized by Customer, if it is processed by Bank in accordance with Bank's Security Procedures.

(b) **Customer's Data Security Obligations.** With regard to obtaining any Services under this Agreement, Customer must comply with the computer hardware, software, and Security Procedures requirements as set forth in these General Provisions and/or as set forth in any Service specific provisions or any supplemental information and/or instructions provided by the Bank. The Bank reserves the right as encryption technology develops to impose further reasonable requirements to maintain the appropriate level of security for the Services and transactions contemplated hereunder and the Customer agrees to abide by such requirements. Furthermore, the Customer understands and acknowledges that if Customer does not follow commercially reasonable hardware, software, physical access and physical storage security procedures regarding any Customer-owned Data, including such data containing the sensitive personally identifiable information ("PII") of any individual, the security of Customer's transactions and/or Customer-owned Data (including sensitive PII) may be compromised. Customer understands, acknowledges, and agrees that installation, maintenance and operation of Customer's Computer (hardware and software) and related security procedures, including, but not limited to, data security protection, firewalls and anti-virus software, is the Customer's sole responsibility, and that Customer is solely responsible for securing, encrypting, protecting, and otherwise safeguarding the Customer-owned Data.

(c) **Out-of-Band Authentication and Dual Authentication.**

(i) In order for Customer to use certain Services contained herein, Bank may, in its sole discretion, require Customer to successfully authenticate itself through various Dual Authentication procedures and Out of Band Authentication ("OOBA") procedures, including but not limited to requiring approval of transactions from a Transactional User other than the Transactional User who initiated the transaction.

(ii) Customer represents that it or an employee who is authorized to be a Transactional User is the legal owner or authorized user of the phone or mobile device Customer uses to receive OOBA messages and that Customer or the Transactional User is authorized to approve the applicable charges. Customer also represents that all the information Customer provides to Bank in connection with the Services, including Customer's email address and phone number, are accurate, current, and complete.

(iii) Customer agrees not to misrepresent its identity or its account information. Customer hereby grants Bank its express consent permitting Bank to contact Customer as necessary to provide the Services. Such activities may include, but are not limited to undertaking fraud prevention by communicating via text message, email message, and/or phone call, regardless of the registration of Customer's phone number on any state or federal do not call list. Bank is not obligated to use OOBA and will not be liable for failure to do so. Bank will not be liable for any delays or failures in Customer's receipt of any text messages as delivery is subject to effective transmission from Customer's network operator and processing by Customer's mobile device. Text message services are provided on an "as is" basis. Data obtained from Customer in connection with text message OOBA may include Customer's phone number, mobile phone number, Customer's wireless carrier's name, and the date, time, and content of Customer's messages and other information that Customer may provide. Bank may use this information to contact Customer and to provide Services under the Agreement, and to otherwise operate, develop, and improve the Services. Customer's wireless carrier and other service providers may also collect data from Customer's text message usage, and their practices are governed by their own policies.

Bank will only use the information Customer provides to the Service to transmit Customer's text message or as otherwise described in the Agreement. Nonetheless, Bank reserves the right at all times to disclose any information as necessary to satisfy any law, regulation, or governmental request, to avoid liability, or to protect Bank's rights or property. When Customer completes forms online or otherwise provide Bank information in connection with the Service, Customer agrees to provide accurate, complete, and true information.

(iv) Customer understands and agrees it is still subject to the terms and conditions of any agreement Customer has with any unaffiliated third-party service providers, including, but not limited to Customer's mobile service provider (e.g., AT&T, Verizon, Sprint, T-Mobile, etc.) and the Agreement does not amend or supersede any of those separate third-party service provider agreements. Customer understands that such Services may provide for fees, charges, limitations and restrictions which might impact Customer's use of the Services (e.g., data use charges, etc.), and Customer agrees to be solely responsible for all such fees, charges, limitations and restrictions. Customer should contact its wireless carrier for information about Customer's messaging plan. Customer's wireless carrier may impose message or charge limitations on Customer's wireless account that are outside of Bank's control. All charges are billed by and payable to Customer's wireless carrier. Customer agrees that only Customer's phone service provider or mobile service provider is responsible for the performance and operation of its products and services, including Customer's phone service, mobile device and the mobile service provider's own network. Customer agrees to resolve any problems with its phone service provider or mobile service provider without involving Bank.

(d) **Anti-Virus and Malware Protection; Notification to Bank; Responsibility for Loss.** Customer acknowledges and agrees that the threat of fraud resulting from theft of electronic data is a serious potential threat to Customer's business and, accordingly, Customer will take all reasonable steps to make certain that its computers and data security systems are protected from unauthorized access or use, and in an event of any unauthorized access or use, Customer will take all reasonable steps to immediately inform Bank of such data security breach. **CUSTOMER UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT BANK IS NOT RESPONSIBLE FOR ANY LOSS OR DAMAGES RESULTING FROM ANY ERRORS OR FAILURES OF CUSTOMER'S COMPUTER OR DATA PROCESSING SYSTEMS, INCLUDING, BUT NOT LIMITED TO ANY COMPUTER VIRUS OR MALWARE ATTACK (SUCH AS A KEYSTROKE LOGGING PROGRAM OR SIMILAR MALWARE), ANY ATTACK BY A PERSON ATTEMPTING OR ACTUALLY GAINING UNAUTHORIZED ACCESS TO CUSTOMER-OWNED DATA, OR ANY INTERNET-RELATED PROBLEMS THAT MAY BE ASSOCIATED WITH CUSTOMER'S ACCESS AND USE OF THE SERVICES.** If, despite Customer efforts, Customer suffers any damage or loss as a result of Customer's failure to comply with its data security obligations, and regardless of whether such damage or loss results from the activities of Customer's employees, agents, subcontractors or any unaffiliated third party, any such loss or damage shall be the sole responsibility of Customer.

(e) **Serious Potential Threat to Customer's Business; Notification to Bank.** Customer acknowledges and agrees that the threat of fraud resulting from theft of electronic data is a serious potential threat to Customer's business and, accordingly, Customer will take all reasonable steps to make certain that its Computers and data security systems are protected from unauthorized access or use, and in an event of any unauthorized access or use, Customer will take all reasonable steps to immediately inform Bank of the security breach.

(f) **Responsibility for Loss.** If, despite Customer efforts, Customer suffers any damage or loss as a result of Customer's failure to comply with its data security obligations, and regardless of whether such damage or loss results from the activities of Customer's employees, agents, subcontractors or any unaffiliated third party, any such loss or damage shall be the sole responsibility of Customer.

7. Posting; Funds Availability.

(a) **Posting.** Transactions (such as deposits, funds transfers, instructions, and entries) related to

any Service will be posted to the applicable Deposit Account or Loan Account as provided for in the Bank's then current Schedule of Funds Availability. The Bank may change any cutoff deadline at any time by giving notice, as required by law, of the change to the Customer.

(b) **Funds Availability.** Any funds transferred pursuant to a transaction hereunder will be available for withdrawal or advance as provided for in the Bank's then current Schedule of Funds Availability, as amended from time to time, and in accordance with applicable law.

8. Honoring Transactions and Instructions; Furnishing Information.

(a) **General.** The Bank will honor the Customer's transactions and instructions (including adjustments and cancellations) only when the Customer has complied with the Agreement. The Bank will be under no obligation to complete any transaction or instruction that: (i) exceeds the Customer's collected or available funds on deposit with the Bank, even if the Bank has done so in the past; (ii) is not in accordance with any condition requested by the Customer and agreed to by the Bank; (iii) the Bank has reason to believe may not be authorized by the Customer; (iv) involves funds subject to a hold, dispute or legal process preventing their withdrawal; (v) violates, in the opinion of the Bank, any provision of any present or future risk control program of the Federal Reserve or any other applicable federal or state law; (vi) does not comply with any other requirement stated in the Agreement or any Bank policy, procedure or practice; and/or (vii) for the protection of the Bank or the Customer, the Bank has reasonable cause not to honor.

(b) **Insufficient Account Balances for Service(s).** When a Service requires the Customer's Deposit Account(s) to contain sufficient, good, collected, and available funds to cover the Customer's obligations for the required Service, the Customer agrees to maintain sufficient, good, collected, and available funds in those accounts from which the funds are to be withdrawn or transferred. If there are insufficient funds in the designated Deposit Account to cover the required withdrawal(s), transfer(s), or related fees, except as specifically modified in an applicable implementation document, the Bank may: (i) withhold the Service; (ii) in its sole discretion, elect to dishonor any item or transaction that creates a negative balance and has no duty to notify the Customer prior to dishonoring any overdraft, even if the Bank has paid overdrafts on behalf of the Customer in the past; (iii) in its sole discretion, provide the Service, and the Customer agrees to pay the Bank promptly or on demand the amount of overdraft and any fees or other costs including those set forth in the Deposit Account Agreement; and/or (iv) require the Customer to pre-fund transactions prior to settlement date or effective date. The Bank may, in its sole discretion, on occasion provide a Service against insufficient, good, collected, and available funds in Deposit Account(s), but the Bank is not obligated to do so, and any action by the Bank of this nature will not constitute an obligation by the Bank to provide the Service in the future.

9. Oral Instructions. At the Bank's option, the Bank may honor the Customer's oral instructions regarding Service(s). The Customer agrees that the Bank may in good faith rely on any such oral instructions, which purport to come from the Customer (including any Authorized Party, Contact or Transactional User) or the Customer's agent without independent verification by the Bank unless Security Procedures require otherwise.

10. Erroneous Instructions. CUSTOMER AGREES THAT TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BANK WILL NOT BE LIABLE FOR ANY INSTRUCTION, FUNDS TRANSFER ORDER, AMENDMENT OR CANCELLATION, OR ANY LOSS ARISING THEREFROM, ERRONEOUSLY TRANSMITTED BY THE CUSTOMER OR ANYONE AUTHORIZED BY THE CUSTOMER HEREUNDER OR CONTAINING AN ERROR IN CONTENT AS PROVIDED BY THE CUSTOMER OR ANYONE AUTHORIZED BY THE CUSTOMER HEREUNDER, REGARDLESS OF WHETHER THE BANK FOLLOWED THE SECURITY PROCEDURES AGREED UPON HEREIN OR ANY APPLICATION HERETO.

11. Account Reconciliation and Reporting of Discrepancies.

(a) **Foreign Currency Exchange Conversions.** The Bank assumes neither risk of loss nor any liability, which any person (including the Customer) may suffer by reason of foreign currency exchange conversions.

(b) **Settlement of Obligations.** To the fullest extent permitted by applicable law, the Customer

authorizes the Bank to obtain payment of the Customer's obligations to the Bank under the Agreement from time to time by (i) initiating debit or credit transfers to any of the Deposit Accounts; or (ii) deducting the payment from the amount of any bank transfer. Such obligations include, without limitation, fees owed to the Bank, in conjunction with any of the Services or otherwise, and settlement for funds transfers initiated pursuant to the Agreement. At the time any Deposit Account is closed (whether by the Customer, by the Bank, or otherwise) or any Service is terminated (whether by the Customer, by the Bank, or otherwise), the Customer agrees that all such fees and other obligations will be immediately due and payable to the Bank, and the Customer authorizes the Bank to withhold the amount of any such fees and other obligations from any Deposit Account. Debiting a Deposit Account or deducting payment from the amount of any bank transfer is not the Bank's exclusive remedy under this or any other Section of the Agreement, and the Bank will not be deemed to have made an election of remedies by making any such debit or deduction on any one or more occasions.

12. Cooperation in Loss Recovery Efforts. Except as otherwise stated in the Agreement, in the event of any damages for which the Bank or the Customer may be liable to the other or to a third party with respect to the Service(s), the Bank and the Customer will undertake commercially reasonable efforts to cooperate with each other (as permitted by applicable law) in performing loss recovery efforts and in connection with any action(s) that the relevant party may be obligated to defend or elect to pursue against a third party.

13. Fees.

(a) **General.** Customer agrees to pay fees for the Services as assessed by the Bank. Such fees may be assessed on a per service basis or based on the Bank's account analysis system, as determined by the Bank. The Bank reserves the right to change Fees at any time and from time to time upon not less than ten (10) days' prior written notice to the Customer, but no change shall be effective for any period prior to the effective date of such notice. Applicable fees do not include, and the Customer will be solely responsible for payment of any sales, use, excise, value added, utility tax, or tariffs relating to the Service(s) provided hereunder, and for all telephone charges, Internet access service charges, tolls, tariffs, and other costs for Services initiated by the Customer or the Customer's authorized users.

(b) **Payment of Fees.** Any amount(s) due the Bank for the Service(s) will be charged as a direct fee debited to the Customer specified Deposit Account. If the Customer specified Deposit Account has insufficient funds to pay any amount due; the Bank may debit any Deposit Account maintained by the Customer at the Bank, whether or not such debit creates an overdraft. If there are no Deposit Accounts at the Bank with sufficient funds to cover the amount due the Bank, the Customer agrees to pay such amounts directly to the Bank upon demand. The Customer also agrees to reimburse the Bank for any actual expenses the Bank may incur to effect, administer or revoke any Service(s). In the event any fees or taxes are owed to the Bank and are not paid, the Bank shall have no obligation to execute any Service for the Customer, or to continue any Service(s) previously provided to Customer. Any fees or charges for Services not settled as provided for herein within thirty (30) days of the date they were first charged to the Customer specified account will bear interest until paid at a rate equal to the lesser of one and one-half percent (1.5%) per month (18% per annum) or the maximum interest rate allowed by applicable law.

14. Use of Third Parties.

(a) **The Bank's Use of Third Parties.** The Bank's ability to provide certain Services depends on its ability to provide access to third-party networks and other third-party services. In the event the Bank determines, in its sole discretion, that it is unable to provide third-party network or services access, the Bank may discontinue the related Service or may provide the Service through an alternate third-party network or service, and shall have no liability for the unavailability of such Service.

(b) **The Customer's Use of Third Parties.** The Customer shall notify the Bank in writing as specified in Section 4(e) of the name of any third party whom it hires, employs, or to whom it delegates its duties or responsibilities under the Agreement, before that third party initiates any transaction or performs an obligation authorized or required under the Agreement. The Customer agrees that it shall be solely responsible

for all acts of any such third party. The Customer shall provide information including financial information which the Bank may, in its sole discretion, require from time to time regarding any third-party vendor which the Customer hires, employs, or retains in any manner, to initiate transactions or assume any of the Customer's duties under the Agreement. The Customer understands and agrees that because of the risks involved in certain of the Services that the Customer may utilize, the Bank may refuse, in its sole discretion, to provide such Services to the Customer if the third party retained by the Customer does not meet the Bank's qualification criteria. The Bank's acceptance of any third party retained by the Customer based on the Bank's qualification criteria is not a representation or warranty by Bank regarding the fitness of the third party's capabilities or financial condition, nor is such acceptance by Bank an endorsement of any third party's ability to perform the third-party services for Customer. The Customer agrees that it shall not allow any third party to use any Service hereunder or to process any third-party's transactions pursuant to the Services hereunder through the Customer or its accounts without the Bank's prior written consent.

15. Courier Agreements. The Customer may utilize a courier to conduct transactions pursuant to the Agreement. In so doing, the Customer agrees at all times and in all respects, regardless of the source of payment for the courier services, that (i) the courier is the agent of the Customer and not the Bank; (ii) the Bank makes no representations or warranties regarding any courier, and assumes no responsibility with respect to any services performed or promised by any courier; and (iii) the Customer assumes all risk of loss (including loss or theft by third parties or employees of the Customer or the courier) prior to the Bank's acceptance of such transactions from the courier and subsequent to the courier's acceptance of transactions from the Bank. The Customer agrees that the Customer and the courier will be responsible for all loss recovery procedures and processes, although the Bank may undertake commercially reasonable efforts to facilitate loss recovery.

16. Proprietary Property. The Customer acknowledges and agrees that all trademarks, trade names, service marks, copyrights, programs, specifications, software, systems designs, applications, routines, techniques, enhancements, software codes, test keys, security devices, Security Procedures, documentation, manuals, ideas and formulas (collectively, referred to herein as the "Bank Proprietary Property") utilized or developed and provided by the Bank in connection with the Agreement and the Services provided hereunder, whether online via the Bank's web site or otherwise, are proprietary property of the Bank having great commercial value to the Bank. The Customer shall have no ownership interest in the Bank Proprietary Property or other rights related thereto, and the Customer agrees to keep the Bank Proprietary Property confidential at all times. The Customer may use the Bank Proprietary Property only for the purposes for which it was provided by the Bank and shall notify the Bank immediately of any breach of this Section of which it becomes aware. The Bank may require the Customer to license specific software in order to receive a particular Service. Unless agreed to the contrary between the parties with regard to certain Services, with such agreement approved by Bank in Bank's sole discretion, upon termination of the Agreement or any applicable Service, such license in Bank's Proprietary Property and any licensed software shall automatically expire and the Customer agrees to immediately cease using any Bank Proprietary Property and any licensed software relating to the Service or Services effected by such termination. Additionally, and unless contrary to prior agreement regarding the software, the Customer agrees to erase any software comprising the Bank Proprietary Property and relating to the Service or Services terminated to the extent such software is stored in the Customer's computers, and, at the request of the Bank, to return all copies of all items relating to the Bank Proprietary Property which are in the possession of the Customer. Alternatively, and at the Bank's option, the Customer will destroy all copies of all items relating to the Bank Proprietary Property that are in the possession of the Customer and, upon request from the Bank, provide written certification to the Bank that such destruction has occurred.

17. Confidentiality. The Customer and the Bank each agree that all information concerning the other party or parties which comes into its possession in connection with any Service and/or the performance of the Agreement including, but not limited to, software licensed to the Customer by the Bank, user guides, and Security Procedures including security access codes, keys, PINs, template numbers, or any other AAI, will be maintained as confidential and shall not be used or divulged to any other party except as may be appropriate to enable the Bank to provide the Service or as required by applicable law. The Customer agrees that the Bank

may share any information concerning the Customer's accounts and account transactions with any of the Bank's affiliates, subsidiaries, parent Customer, or service providers and to the extent the Bank determines necessary, with the Customer's third-party processor(s), and state or federal regulators. For Consumer Accounts, see the Bank's consumer Privacy Policy for additional information on sharing of consumer information.

18. Customer Records; Ownership of Data; Response to Data Security Breach Incidents; Responsibility for Loss.

(a) **Customer Records.** The Agreement will not relieve the Customer of any obligation imposed by law, contract, or otherwise regarding the maintenance of records or from employing adequate audit, accounting, and review practices. The Customer shall retain and provide to the Bank upon request all information necessary to remake or reconstruct any deposit, transmission file, or entry for at least ten (10) Business Days, or such longer time as may be required by a specific Service, following receipt by the Bank of the deposit, transmission file, entry, or other order affecting any of the Customer's account(s); provided, however, that the Bank's records, kept in the ordinary course of business, will be presumed to accurately reflect the contents of the Customer's instructions to the Bank and, in the absence of manifest error, will be binding and conclusive.

(b) **Ownership of Data.** The parties understand, acknowledge and agree that, in the state it is provided, data provided by Customer to Bank is the sole and exclusive property of Customer and copies thereof shall be provided to Customer at Customer's request from time to time and at any time ("Customer-owned Data"). Once Customer-owned Data is delivered by Bank to Customer, retrieved by Customer from Bank, or otherwise created as a by-product of a transaction between Customer and Bank and retained by Customer, such Customer-owned Data is solely within Customer's possession and control. Except as limited by Bank's consumer Privacy Policy, Bank may compile, manipulate, and retain indefinitely data provided by Customer to Bank and may share Customer data and derivative work with its affiliates. Bank solely and exclusively owns compilations of, manipulations of, and derivative work based on Customer-provided data.

(c) **Response to Data Security Breach Incidents.** As stated in Section 6 above, Customer has the sole responsibility for security and protection of Customer-owned Data. In the event of any security breach incident involving any potential or actual unauthorized access or acquisition of Customer-owned Data (*e.g.* computer hacking, virus attack, or theft or loss of any equipment containing Customer-owned Data), it is Customer's sole responsibility to determine whether Customer has the obligation, under applicable law, to notify potentially affected individuals whose sensitive PII may have been compromised by the security breach incident. Customer must conduct, at its sole cost and expense, any audit and forensic investigation of such security breach incident. Customer bears the sole responsibility for any and all costs of complying with required data breach notifications to individuals, credit bureaus and/or governmental entities as required by applicable law, and any and all costs for credit report monitoring or fraud monitoring associated with such security breach incident.

(d) **Responsibility for Loss.** If, despite Customer efforts, Customer suffers any damage or loss as a result of any unauthorized access or data security breach (*e.g.* computer hacking, virus attack, or theft or loss of equipment or other information containing Customer-owned Data), and regardless of whether such unauthorized access or breach results from the activities of Customer's employees, agents, subcontractors, or any unaffiliated third party, any such loss or damage shall be the sole responsibility of the Customer.

19. Representations and Warranties by Customer.

(a) **Customer Authority.** The Customer represents, warrants and agrees that (i) the execution, delivery and performance by the Customer under the Agreement are within the Customer's powers, have been duly authorized by all necessary action and do not contravene the Customer's governing documents (if any) or any law or contractual restrictions; (ii) no authorization, approval, or other act, and no notice to or filing with any governmental authority or regulatory body is required for the execution, delivery, and performance by the Customer of the Agreement; (iii) the Agreement constitutes the legal, valid, and binding obligation of the Customer and that the Agreement is enforceable against the Customer in accordance with the terms of the

Agreement; (iv) no information furnished by the Customer to the Bank in connection with the Agreement is inaccurate in any material respect, contains any material misstatement of fact, or omits any fact necessary to make such statements not misleading, as of the date it is dated, or if not dated, the date it is given to the Bank; and (v) the Customer has not been induced to enter into the Agreement by any representations or statements, oral or written that have not been expressly incorporated herein by reference. The Customer agrees to deliver to the Bank, upon execution of the Agreement and at any time upon the Bank's request, a certified copy of a duly adopted resolution, unanimous consent, or other similar corporate document or official record authorizing the execution of the Authorization to Obtain Treasury Management Services and Agreement and the granting of authority to the person(s) identified therein.

20. Compliance with Laws. Bank and Customer each agree to comply with provisions of all applicable federal, state, county or municipal laws, regulations or ordinances, and shall be responsible for obtaining any and all authorizations from any applicable governmental authority that may be required for the party to perform hereunder. Furthermore, both parties agree to comply with applicable federal and state privacy laws and anti-money laundering laws. Customer agrees that it shall not use any Services in any manner that is designed or has the effect of violating or evading any laws with regards to currency controls, money laundering, or banking secrecy. Customer agrees that it shall not use the Service in any manner that is designed or has the effect of violating or evading any laws with regards to currency controls, money laundering, banking secrecy, or unlawful Internet gambling (including, but not limited to, any "restricted transactions" as defined under the Unlawful Internet Gambling Enforcement Act). Customer specifically agrees and acknowledges that, in accordance with the requirements of the Unlawful Internet Gambling Enforcement Act and Regulation GG, restricted transactions are prohibited from being processed through Customer's account or relationship with Bank. Restricted transactions include transactions in which a person accepts credit, funds, instruments or other proceeds from another person in connection with unlawful Internet gambling.

21. Limitations of Liability.

(a) **General.** To the extent permitted by law, and except for the remedies provided expressly herein for breach of the Agreement, the Customer agrees that the Bank will have no liability whatsoever for any loss, damage, or claim (collectively, a "Claim") arising out of the performance of or non-performance of any Service in accordance with the terms of the Agreement, **EVEN IF SUCH CLAIM ARISES, IN WHOLE OR IN PART, FROM THE BANK'S NEGLIGENCE**, but excluding any claim arising from the Bank's gross negligence or willful misconduct. The Bank's duties and responsibilities to the Customer are strictly limited to those described in the Agreement, except with respect to any provisions of the law which cannot be varied or waived by agreement. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BANK WILL NOT BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES (INCLUDING WITHOUT LIMITATION, LOSS OF REVENUE OR ANTICIPATED PROFITS) OR FOR ANY INDIRECT LOSS THAT THE CUSTOMER MAY INCUR OR SUFFER IN CONNECTION WITH THE SERVICES PROVIDED HEREUNDER (EVEN IF THE BANK HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGES), INCLUDING WITHOUT LIMITATION, ATTORNEYS' FEES.** Any third-party service provider used by Bank is an independent contractor and not the Bank's agent. No clearing house, financial institution, or other instrumentality used in connection with the Services or used to effectuate Customer's requests or orders shall be deemed Bank's agent. **TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, BANK AND ITS AFFILIATES AND SUPPLIERS MAKE NO WARRANTIES OF ANY KIND, EXPRESS, IMPLIED, OR STATUTORY, ABOUT ANY OF THE SERVICES, ANY PROCESSING EQUIPMENT, OR ANY PROCESSING SOFTWARE DESCRIBED IN THIS AGREEMENT, AND HEREBY DISCLAIM ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, OR NON-INFRINGEMENT.** To the fullest extent permitted by applicable law, and without limiting the generality of the foregoing, the Bank shall not be liable at any time to the Customer or any other person or entity for loss, charge, fee, penalty, expense or other damage resulting from any failure or delay of the performance of the Bank's responsibilities under the Agreement which is caused or occasioned by any act or thing beyond the Bank's reasonable control,

including, without limitation, legal or regulatory restraint, interruption of transmission or communication facilities, equipment failure, electrical or computer failure, war, civil unrest, emergency conditions, acts of God, fire, storm, or other catastrophe or natural disaster, or inability to obtain or delay in obtaining wire services, Internet access, electronic transfers, or electronic file exchange, or refusal or delay by a service provider or another bank or Bank. In addition, the Bank shall be excused from any failure or delay in executing a transaction hereunder, if such execution would result in the violation of any applicable state or federal law, rule, regulation, guideline, or risk control program or if such execution would result in Bank exceeding any limitation upon its intra-day net funds position established pursuant to present or future Federal Reserve guidelines. To the fullest extent permitted by applicable law, the Customer agrees that the Bank shall not have any liability whatsoever for any loss caused by the act, error, or omission of the Customer or any other person, including, without limitation, any service provider, any Internet access service provider, any federal reserve bank or transmission or communications facility or any intermediary or receiving financial institution, and no such person shall be deemed the Bank's agent. The Customer understands and agrees that the fees charged for the performance of the Service(s) have been established in contemplation of these limitations on liability.

(b) **Force majeure.** Bank will not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by fire or other natural disaster, strike, civil unrest, any inoperability of communications facilities or any other circumstances beyond the reasonable control of Bank.

(c) **Statute of Limitations.** The Customer agrees that any Claim, action, suit or proceeding against the Bank for damages resulting in any respect from its acts or omissions in its performance of the Service(s) hereunder must be brought within two (2) years from the date of the Bank's alleged act or omission.

(d) **Notification in the Event of Claim.** The Customer agrees to immediately notify the Bank of any Claim by the Customer, or any Claim that is made to the Customer by a third party, where an act or omission by the Bank in connection with any Service is alleged to have caused the Customer or such third party to sustain any damages.

(e) **Other Limitations.** The Customer agrees that any Deposit Account(s) it may have at the Bank may be subject to additional liability limitations that are described in the Deposit Account Agreement for any such account(s).

(f) **General Limitation of Liability.** Subject to the foregoing limitations, Bank's liability for loss shall be limited to general monetary damages not to exceed the total amount paid by Customer for the affected Services, as performed by Bank under this Agreement for the preceding 30 calendar days.

(g) **Reporting of Errors.** The Customer acknowledges that it is not possible for Services provided by the Bank hereunder to be free of operator, program or equipment error, and that errors in processing and compiling account data may occasionally occur, requiring adjustments. As such, the Customer agrees to review and verify all results and to maintain adequate controls for insuring both the accuracy of data transmissions and the detection of errors. Unless otherwise required by law, the Bank's sole responsibility for reporting errors caused by it will be to reprocess information and reports for the applicable period in question and to submit corrected reports at its own expense to the Customer.

22. Indemnification. TO THE EXTENT PERMITTED BY LAW, THE CUSTOMER AGREES TO INDEMNIFY, DEFEND, RELEASE AND HOLD HARMLESS THE BANK AND ITS AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS, INDIVIDUALLY AND COLLECTIVELY, FROM AND AGAINST ANY DAMAGE, LOSS, OR LIABILITY, INCLUDING WITHOUT LIMITATION FINES, PENALTIES, REASONABLE ATTORNEYS' FEES, INVESTIGATION FEES AND COSTS, AND COURT COSTS, WHETHER AT TRIAL OR ON APPEAL (COLLECTIVELY, A "LOSS") WHICH RESULT, DIRECTLY OR INDIRECTLY, FROM THE BANK'S PROVIDING SERVICES TO THE CUSTOMER HEREUNDER, EVEN IF SUCH LOSS ARISES, IN WHOLE OR IN PART, FROM THE BANK'S NEGLIGENCE, BUT EXCLUDING ANY LOSS ARISING FROM THE BANK'S GROSS NEGLIGENCE OR

WILLFUL MISCONDUCT, UNLESS OTHERWISE EXPRESSLY PROVIDED IN THE AGREEMENT OR THE APPLICABLE DEPOSIT ACCOUNT AGREEMENT.

23. Specific Performance. The Customer agrees that money damages may not be sufficient remedy for any breach of the Agreement and that the Bank shall be entitled to specific performance in addition to any other remedies, at law or in equity, as a remedy for any breach.

24. Termination.

(a) **By the Bank with Cause.** The Bank may, in its sole discretion, terminate the Agreement in its entirety or with respect to one or more specified Service(s) effective immediately if: (i) the Customer fails to maintain adequate collected and available balances to cover all transactions, costs and expenses relating to one or more Service(s); (ii) there is an occurrence of a material change in the Customer's credit and/or risk analysis criteria as determined by the Bank in its sole and absolute discretion; (iii) the Bank at any time determines that the Customer or the Customer's third-party vendor does not meet the Bank's risk or other qualification requirements; (iv) there is an occurrence of a material change in Customer's credit and/or risk analysis criteria as determined by Bank in its sole and absolute discretion, and Customer refuses to execute the Bank's "Treasury Management Services Guaranty" upon request of Bank; (v) Bank discovers any willful misconduct (including but not limited to writing or knowingly passing bad checks) or any type of fraudulent activity on the part of Customer; (vi) the Customer is in default of any terms of a Service specific provisions of this Agreement where such default gives Bank the right to terminate, immediately or otherwise, the Agreement or a specific Service; (vii) the Customer has selected a particular Service, but Customer has not used such Service for a period of time deemed to constitute an inactive Service by Bank (in Bank's sole discretion); (viii) the Customer has engaged in illegal activity or violated any law or regulation respecting the services covered by this Agreement, or (ix) the Customer is in default of any terms of the Agreement or any other agreement with the Bank. In any of these events, the Bank's sole obligation shall be to provide notice of its termination of the Agreement to the Customer as soon as is commercially reasonable.

(b) **By Either Party for Any Reason.** Either party may terminate the Agreement, with or without cause, in its entirety or with respect to one or more specified Service(s) at any time, upon ten (10) days' written notice to the other of its intent to do so.

(c) **Rights and Responsibilities Upon Termination.** In the event of termination of the Agreement or any Service hereunder, the rights and responsibilities of the parties shall continue through any applicable settlement period including the Customer's responsibility to pay the Bank for Service(s), and to maintain a Reserve Account as otherwise stated in this Agreement, with respect to transactions processed prior to the effective date of termination. If this Agreement, or any Service, is terminated by Bank, Bank may accelerate all amounts due and to become due under this Agreement, and Customer shall promptly make full payment to Bank of all amounts due and amounts incurred under this Agreement. Bank shall not be liable to Customer for any losses or damages Customer may incur as a result of termination of this Agreement or any Service.

25. Governing Law; Dispute Resolution; Jury Trial Waiver. The Customer and the Bank agree that any controversy or Claim between the Customer and the Bank, or between the Customer and any of the officers, employees, agents, or affiliated companies of the Bank, arising out of or relating to the Agreement, or any of the transactions contemplated under the Agreement, or any of the Services provided pursuant to the Agreement, or any of the discussions or negotiations leading up to the making of the Agreement, or any relationship that results from any of the foregoing, whether based in contract, or an alleged tort, or on any other legal theory, and whether asserted as an original or amended claim, counterclaim, cross claim, or otherwise, shall be governed by federal law and all applicable substantive laws of the State of Texas (without regard to its conflict of laws principles) and the NACHA Rules. The Bank is located in Texas and that is where the Customer opens the Customer account(s). In addition, Bank is subject to certain federal and state regulations, as well as national and local clearing house rules regarding some of the matters addressed in this Agreement, and Bank must comply with these laws, regulations and rules. The Customer agrees that if there

is any inconsistency between the terms of this Agreement and any applicable law, regulation or rule, the terms of this Agreement will prevail to the extent any such law, regulation or rule may be modified by agreement.

Any controversy or claim arising out of or relating to the Services described herein specifically or described in the Service Documentation generally shall be submitted to and settled by final and binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and any judgment rendered by the Arbitrator(s) may be entered in any Court having jurisdiction thereof. This agreement to arbitrate shall be specifically enforceable under applicable law in any court of competent jurisdiction. Unless specifically waived in writing, Bank shall not be deemed to have waived its right to compel arbitration hereunder by Bank legal action or taking any other action. Customer agrees that venue for any such arbitration shall be in Hidalgo County, Texas and the laws of the State of Texas shall apply without regard to its conflict of laws provisions.

THE CUSTOMER AND THE BANK, FOR THEMSELVES AND EACH OF THEIR RELATED ENTITIES, SUCCESSORS AND ASSIGNS, HEREBY IRREVOCABLY WAIVE THE RIGHT TO TRIAL BY JURY OF ALL DISPUTES, CONTROVERSIES AND CLAIMS BY, BETWEEN OR AGAINST EITHER THE CUSTOMER OR THE BANK WHEN THE DISPUTE, CONTROVERSY OR CLAIM IS TO BE DECIDED BY A COURT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, no action, regardless of form, arising out of this Agreement may be brought by either party more than two (2) years after the claiming party knew or should have known of the cause of action.

26. Assignment. The Customer may not assign all or any part of its rights or obligations under the Agreement without the Bank's prior express written consent, which may be withheld in the Bank's sole discretion. The Bank may assign or delegate all or any part of its rights or obligations under the Agreement, including, without limitation, the performance of the Services described herein. The Agreement will be binding on and inure to the benefit of the successors and permitted assigns of either party.

27. No Third-party Beneficiaries. The Agreement is for the benefit of the Customer and the Bank and is not intended to grant, and shall not be construed as granting, any rights to or otherwise benefiting any other person, except as expressly otherwise provided for in the Agreement.

28. Other Agreements; Severability; Construction. If any provision of the Agreement or of any writing used in connection with the Agreement is unlawful or unenforceable, each such provision or writing will be without force and effect without thereby affecting any other provision hereof. No waiver of the provisions herein shall be effective unless in writing and signed by the party to be charged with such waiver. No waiver shall be deemed a continuing waiver unless expressly so stated in writing. The headings in the Agreement are for convenience or reference only and will not govern the interpretation of the provisions. Unless it would be inconsistent to do so, words and phrases used in the Agreement should be construed so the singular includes the plural and the plural includes the singular. In addition, any dispute arising from or related to the Customer's accounts with the Bank or the Services provided hereunder shall be governed by applicable federal laws and regulations, Federal Reserve Bank Rules and Operating Circulars, and general commercial bank practices applicable to accounts such as those held by the Customer and Services such as those offered hereunder. Any provision that by its terms or operation is designed to survive termination, expiration or cancellation of this Service shall so survive. This Agreement (including the Schedules attached hereto), together with the other Bank Agreements, Schedules and Disclosures, is the complete and exclusive statement of the agreement Bank and Customer with respect to the subject matter hereof and supersedes any prior agreement(s) between Bank and Customer with respect to such subject matter. In the event of any inconsistency between the terms of this Agreement and the other Bank Agreements, Schedules and Disclosures, the terms of this Agreement shall govern. In the event performance of the Services provided herein in accordance with the terms of this Agreement would result in a violation of any present or future statute, regulation, or government policy to which Bank is subject and which governs or affects the transactions contemplated by this Agreement, then this Agreement shall be deemed amended to the extent necessary to

comply with such statute, regulation, or policy, and Bank shall incur no liability to Customer as a result of such violation or amendment.

29. OFAC Compliance. It shall be the responsibility of Customer that the use of the Services and all related transactions complies with U.S. Law. This includes, but is not limited to sanctions enforced by the Office of Foreign Assets Control (OFAC). It shall further be the responsibility of Customer to obtain information regarding such OFAC enforced sanctions. (This information may be obtained directly from the OFAC Compliance Hotline at 800-540-OFAC.)

30. Severability. In the event performance of the services provided herein in accordance with the terms of this Agreement would result in a violation of any present or future Rules, statute, regulation, or government policy to which Bank is subject and which governs or affects the transactions contemplated by this Agreement, then this Agreement will be deemed amended to the extent necessary to comply with such statute regulation or policy, and Bank will incur no liability to Customer as a result of such violation or amendment.

31. Survival. The terms, provisions, representations and warranties contained in this Agreement which by their sense and context are intended to survive the performance hereunder will so survive the completion of performance and termination of this Agreement.

32. Headings. Headings are used for reference purposes only and will not be deemed a part of this Agreement.

33. Venue. The venue for any controversy or claim arising out of or relating to this Agreement, or the breach hereof, shall be in Hidalgo County, Texas.

Schedule A

Treasury Management Services Request

Company/Customer Name _____

Product	Contact Name	Phone	Service Added at a Later Date (Initial & Date)
☐ ACH Services	_____	_____	_____
☐ Wire Transfer	_____	_____	_____
☐ Positive Pay	_____	_____	_____
☐ Bill Pay	_____	_____	_____
☐ RDC-Office Banker	_____	_____	_____
☐ Mobile RDC	_____	_____	_____

By checking the box next to a particular Service or Services, I hereby authorize Lone Star National Bank to provide such Service(s). I also represent that I have conveyed the name and contact information of the appropriate contact person(s) who shall provide Lone Star National Bank with all the relevant information necessary to set up the Service(s). I further acknowledge that Lone Star National Bank will establish the Service(s) based only on written request from Customer. I understand that Lone Star National Bank will provide the contact person documentation showing all the information used to establish the Service(s).

Date Signature of Authorized Signer or Administrator from Schedule B

Name (Print)

Optional AT YOUR REQUEST, THE BANK IS PROVIDING A SECURITY PROCEDURE THAT IS LESS STRINGENT THAN ITS STANDARD PRACTICES. YOU UNDERSTAND AND AGREE THAT IN CHOOSING THIS OPTION, YOU ARE ACKNOWLEDGING THAT THE BANK OFFERED YOU A MORE STRINGENT SECURITY PROCEDURE AND THAT YOU DECLINED THAT PROCEDURE. AS SUCH, YOU EXPRESSLY AGREE TO BE BOUND BY ANY PAYMENT OR TRANSFER ORDER, WHETHER OR NOT AUTHORIZED, ISSUED IN YOUR NAME AND ACCEPTED BY THE BANK IN COMPLIANCE WITH THIS SECURITY PROCEDURE CHOSEN BY YOU, AND YOU UNDERSTAND AND AGREE THAT THE BANK WILL NOT BE LIABLE FOR ANY ERRORS OR LOSSES RESULTING FROM ANY ERRORS IN OR CHANGES TO ANY PAYMENT OR TRANSFER BENEFICIARY INFORMATION PROVIDED BY YOU TO BANK.

Date Signature of Authorized Signer or Administrator from Schedule B

Name (Print)

Schedule B

Authorization to Obtain Treasury Management Services

Company/Customer Name _____
Address _____
City, State Zip _____
Phone # _____ Fax # _____

Any capitalized terms not defined herein shall have the meaning ascribed to them in the Treasury Management Services – Procedures, Terms and Conditions.

Authorization to Act for Customer

Each of the undersigned is an officer, owner, principal, member, manager, general partner or other authorized individual of the Customer and warrants that the Customer and Related Entities (as defined in the General Provisions of the Treasury Management Services – Procedures, Terms and Conditions) as listed in the Treasury Management Services Agreement, or any duly executed amendment or attachment thereto, have taken all action required by their governing documents to authorize each of the undersigned to act as Authorized Signers to:

- A. Execute the Treasury Management Services Agreement;
- B. Accept on behalf of the Customer and Related Entities the terms and conditions governing the use of such Services, including acceptance of Security Procedures;
- C. Enroll the Customer and Related Entities in any Treasury Management Service through the execution of a Treasury Management Services Request;
- D. Appoint and remove authorized Contacts or Transactional Users (as those terms are defined in the Treasury Management Services Agreement - Procedures, Terms and Conditions) to perform authorized transactions under the Agreement and any applicable Treasury Management Services Request;
- E. Perform any transactions pursuant to the Agreement and Treasury Management Services Request;
- F. Appoint and remove Authorized Administrators (as that term is defined in the General Provisions of the Treasury Management Services Agreement - Procedures, Terms and Conditions).

This authorization shall be binding, and the authority shall remain in force until written notice of the revocation or modification authorization is delivered to the Bank. This authorization replaces any and all previous resolutions or authorizations.

Authorized Signers:

Name: _____
Title: _____
Telephone \ Fax Number: _____
Email Address: _____

Signature: _____

Name: _____
Title: _____
Telephone \ Fax Number: _____
Email Address: _____
Signature: _____

Name: _____
Title: _____
Telephone \ Fax Number: _____
Email Address: _____

Signature: _____

Certification

The undersigned represents and warrants to the Bank on behalf of the Customer and the Related Entities that the signatures appearing above are the true and authentic signatures of the Authorized Signers (as that term is defined in the General Provisions of the Treasury Management Services Agreement - Procedures, Terms and Conditions) and further certifies that the Customer and Related Entities have taken all action required by their governing documents to appoint the Authorized Signers to act on behalf of the Customer and Related Entities and that the undersigned has full authority to execute this Agreement.

Note: For a corporation, this Schedule must be signed by the secretary or assistant secretary. For a partnership, limited partnership, limited liability partnership, limited liability Customer or association, one of the general partners or members must sign. For trusts, the trustee, agent or account signer must sign. For a government Bank, an authorized signer must sign. Sole proprietors are not required to complete this certification.

Date: _____

Signature: _____
Name: _____
Title: _____
Telephone: _____

Online Delegation of Authority

Bank will provide, or will permit the Authorized Signers to set up user ID, password, and token authentication credentials for purposes of accessing Business Online Banking. Customer, Customer's Authorized Signers may initiate ACH, wire, bill pay, and other transactions within Business Online Banking. Customer and Authorized Signers will have administrator privileges within Business Online Banking which will allow Customer or Authorized Signers to delegate various levels of authority to other users, including, but not limited to, the authority to initiate ACH, wire, bill pay, or other transactions, to approve any such transactions, to cancel any such transactions, to initiate transfers between accounts, or to incur charges. Any delegation of authority made with the Business Online Banking platform will be binding on Customer. Any delegation of authority made with the Business Online Banking platform will only be effective for transfers made or services ordered through Business Online Banking and any such delegation may only be revoked using the Business Online Banking platform. Revisions to this form alone will not impact any delegation of authority made using Business Online Banking. Likewise, delegations of authority within Business Online Banking will not be effective for transactions initiated without using Business Online Banking. Any person presenting Bank or Bank's Site with the valid authentication credentials of Customer or of an Authorized Signer will be deemed to be the Customer or Authorized Signer. Accordingly, Customer should take precautions against the unauthorized disclosure of user credentials. An Authorized Signer may also request changes to delegations of authority by providing a Schedule C Cash Management Enrollment Form to Bank and allowing Bank a reasonable time to give effect to Customer's request.

Delegation of Authority (optional)

By signing below, you authorize each person listed below to be an Authorized Administrator with the authority to:

- A. Enroll the Customer and Related Entities in any Treasury Management Service through the execution of a Treasury Management Services Request;
- B. Appoint and remove authorized Contacts or Transactional Users as those terms are defined in the Treasury Management Services Agreement - Procedures Terms and Conditions) to perform authorized transactions under the Agreement and any applicable Treasury Management Services Request; and
- C. To perform any transactions pursuant to the Agreement and Treasury Management Services Request.

The Authorized Administrators listed below do not have the authority to execute the Treasury Management Services Agreement or appoint or remove any Authorized Administrators.

Name: _____
Title: _____
Telephone \ Fax Number: _____
Email Address: _____

Signature: _____

Name: _____
Title: _____
Telephone \ Fax Number: _____
Email Address: _____

Signature: _____

This delegation shall be binding, and the authority shall remain in force until written notice of any revocation or modification is delivered to the Bank.

Date Signature of Authorized Signer

Name (Print)

**SCHEDULE C
CASH MANAGEMENT ENROLLMENT FORM**

***To be completed by an Authorized Signer as resolved in Schedule B of the Treasury Management Services Agreement**

CASH MANAGEMENT COMPANY INFORMATION:					
Company/Company Name:					
Address:					
City:		State:	TX	Zip:	
Phone:		Primary Contact Name:			
Email:					
CHARGES (Company Use Only)					
Charge to account for CM token(s) Fees:			NETTELLER#: CIF:		

ACCOUNT NUMBERS

A		F		K		P	
B		G		L		Q	
C		H		M		R	
D		I		N		S	
E		J		O		T	

Authorized Representative(s) & Email Address	Allow Account(s) from list above	Account Transfer	Account View Only	ACH Files - EFT Tax Payments	Wire Transfer	Positive Pay	Bill Pay	Stop Payment
Sample Name(s) abc12@aol.com	Example: A & S	☐	☒	☐	☐	☐	☒	☐
Name:		☐	☐	☐	☐	☐	☐	☐
Email:								
Name:		☐	☐	☐	☐	☐	☐	☐
Email:								
Name:		☐	☐	☐	☐	☐	☐	☐
Email:								
Name:		☐	☐	☐	☐	☐	☐	☐
Email:								
Name:		☐	☐	☐	☐	☐	☐	☐
Email:								

SIGNATURE of SYSTEM ADMINISTRATOR (as resolved in Schedule B of the Treasury Management Service Agreement):
By signing below, I hereby authorize LONE STAR NATIONAL BANK to issue a Cash Management Single Sign On registration for users listed above.

 *Authorize (Acct) Signer (SIGNATURE)

_____/_____/2019
 DATE

Schedule D

Fees

Customer agrees to pay Bank for Services provided under the Agreement in accordance with Bank's Fee Schedule, as it may be adjusted and agreed upon. Bank may change its fees from time to time upon notice to Customer.

Cash Management

Setup Fee	\$ 25.00
Security Token (Per Token)	\$ 15.00 (Replacement/Additional)

ACH Origination Fees

ACH Monthly Service Fees	\$ 15.00
ACH Transmission (Per File)	\$ 3.00
Per Item Fee	\$.20
ACH Returns / Notice of Change	\$ 5.00

Wire Transfer Fees

NetTeller Online Wire Fee (Only Domestic)	\$ 19.99
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Positive Pay Fees

Positive Pay Monthly Service Fee	\$ 25.00
Positive Pay File Fee (Per File)	\$ 10.00
Positive Pay Item (Per Item)	\$.15

Remote Deposit Complete (RDC) Office Banker Fees

Company is responsible and liable for all charges as part of Lone Star's Office Banker Deposit Service as set forth in the Office Banker Remote Deposit Complete Agreement Section 17, PAYMENT FOR SERVICES. Deposits transmitted from Company to Lone Star National Bank through Office Banker shall be subject to the charges listed below.

FEES

Monthly Maintenance Fee (Per Commercial account) \$35.00
Per Item \$.10 cents

CORRECTION FEES:

Deposit Adjustment	\$.12 cents
MICR Line Repair	\$.12 cents
Keyed in Transactions	\$.04 cents

EQUIPMENT:

Single Feed \$450.00 plus tax
Multi Feed \$700.00 plus tax
May be paid in full at time of enrollment or paid in separate monthly payments. Inquire with Bank for details.

***Fees are subject to change at bank's discretion**

Automated Clearing House ("ACH") Services

- A.** Customer wishes to initiate electronic fund transfer credit and/or debit Entries by means of the Automated Clearing House ("ACH") Network pursuant to the terms of the Agreement and the Operating Rules and Operating Guidelines (collectively, the "Rules") that have been adopted by the National Automated Clearing House Association ("NACHA"), and the Bank is willing to act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries.
- B.** Unless otherwise defined herein, capitalized terms shall have the meanings provided in the Rules. The term Entry or Entries shall have the meaning provided in the Rules and shall also mean the data received from Customer hereunder from which the Bank prepares Entries.

AGREEMENT

1. ACH SERVICES APPROVAL AND UNDERWRITING PROCESS

(a) **Bank Approval and Monitoring of Customer's ACH Operations Risk.** Customer agrees and acknowledges Bank shall provide ACH Services to Customer subject to Bank's prior approval. To obtain approval from Bank, Customer is required to undergo Bank's screening and risk analysis process regarding Customer's proposed ACH operations. In addition, after any initial approval for ACH Services by Bank, Bank may, in its sole discretion, from time-to-time and upon the occurrence of any event described in subsection (c) below, undertake additional ACH operations credit and risk analysis monitoring activities that are deemed necessary, in Bank's sole and absolute discretion, while Bank is providing ACH Services to an approved Customer. Customer agrees to cooperate with Bank regarding any ongoing risk analysis activities by Bank, including providing financial or other documents in a timely manner upon Bank's request, and taking any risk mitigation or other ACH Entry origination procedures as required by Bank.

(b) **ACH Operations Credit and Risk Criteria.** Bank's ACH operations credit and risk analysis shall be based on certain factors deemed relevant by Bank in its sole discretion, including, but not limited to, the following factors: (i) the credit worthiness, condition and performance of Customer, particularly Customer's capital adequacy relative to Customer's ACH activity volume; (ii) the nature, conduct and geographic location of Customer's business, including whether Customer engages in certain high-risk ACH activities or transaction environments, or whether certain "Standard Entry Class" ("SEC") codes that Bank either deems to be high-risk or does not allow are present in Customer's ACH transactions; (iii) the historic level and dollar amounts of Customer's ACH returns, including any return levels or dollar amounts in excess of generally acceptable ACH return parameters (as determined by Bank in its sole discretion), or a sudden increase in Customer's ACH return levels; and (iv) whether Customer adheres to all authorization requirements set forth herein.

(c) **Material Change in Credit and Risk Analysis Criteria.** In the event a Customer approved for ACH Services either fails to maintain the minimum risk analysis criteria as required by Bank, or if, in the opinion of Bank, Customer undergoes a material change in its operations that Bank believes increases the risk of Customer's ACH operations, then Bank may, in its sole discretion, take any and all of the following actions: require Customer to pre-fund its ACH activities; require Customer to establish a Reserve Account; or terminate ACH Services to Customer, generally upon prior written notice from Bank, or immediately if Bank deems immediate termination necessary, in Bank's sole discretion, to comply with the Rules. Events that constitute a material change in a Customer's business operations include, but are not limited to: (i) levels of ACH returns that exceed generally acceptable return levels (as determined by Bank); (ii) a significant or sudden increase in Customer's ACH return levels as compared to Customer's historic ACH return levels; (iii) significant changes in the nature of Customer's business, including its product and services lines or transaction environments; or (iv) the occurrence of any other event that Bank believes represents a material change in Customer's performance

or condition. Upon learning of any such material change, Bank will inform Customer of the issue, and Bank may exercise its right to temporarily suspend Customer's ACH Services in order to investigate the issue.

(d) **Reserve Account.** Upon written notification by Bank, Customer shall immediately establish a separate account funded with an amount required to protect Bank against the risks associated with Customer's ACH operations (the "Reserve Account"). Such Reserve Account must be established by the date requested by Bank, and the required Reserve Account amount expressly includes any existing or anticipated Customer-related ACH returns, including all fees, costs, fines and penalties assessed against either Customer or Bank associated with such Customer-related ACH returns. The Reserve Account will not bear interest, and Customer will not have any right or interest in the Reserve Account funds; provided that upon satisfaction of all of Customer's obligations under this Agreement, Bank will pay to Customer any funds remaining in the Reserve account no sooner than ninety (90) days after the effective date of termination of Customer's ACH Services pursuant to the Rules and Federal Reserve Board's Regulation E. Effective upon the establishment of any Reserve Account, Customer irrevocably grants Bank a security interest in the Reserve Account and any and all funds in the Account, together with the proceeds thereof. Customer also agrees to execute and deliver to Bank such instruments and documents that Bank may reasonably request to perfect and confirm the security interest and Bank's right of setoff in the Reserve Account. Customer understands and acknowledges that Customer's failure to establish and fund a Reserve Account immediately upon Bank's request shall be grounds for immediate termination of Customer's ACH Services provided by Bank, with such termination in Bank's sole discretion.

2. REQUIRED PREFUNDING OF ACH CREDIT ENTRIES.

Bank offers ACH Services on a pre-funded basis only ("Prefunding"). Customer is required to submit each ACH credit Entry file at least two (2) Business Days in advance of the desired settlement date. At the time Customer submits an Entry file, Customer's account must have collected and available funds that are at least equal to the amount of the ACH credit Entry file. If Customer has sufficient collected and available funds, then bank will place a hold on the account for the amount of the funds to be transferred per the Entry file, and the ACH credit Entry file will be processed as normal on the desired settlement date. However, if Customer does not have the necessary funds available in its account at the time of submission, the ACH file will be suspended in Bank's system. If the ACH credit Entry file is not funded or approved before the intended effective date, it will be deleted from Bank's system.

3. TRANSMITTAL OF ENTRIES BY CUSTOMER

Customer shall deliver or transmit Entries to Bank to be processed in accordance with the provisions of Schedules ACH-1 and ACH-2 attached hereto and incorporated herein by reference. The total dollar amount of Entries transmitted by Customer to Bank on any day, shall not exceed the amount specified in the limit section on Schedules ACH-1 and ACH-2.

4. SECURITY PROCEDURES

(a) Customer and Bank will comply with the security procedure requirements described in Schedules ACH-1 and ACH-2 with respect to Entries delivered/transmitted by Customer to Bank. Customer acknowledges that the purpose of such security procedures is for verification of authenticity and not to detect an error in the transmission or content of an Entry. No security procedures for the detection of any such error has been agreed upon between Bank and Customer.

(b) Customer is strictly responsible to establish and maintain the procedures to safeguard against unauthorized transmissions. Customer warrants that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agrees to take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices and related instructions

provided by Bank in connection with the security procedures described in Schedules ACH-1 and ACH-2. If Customer believes or suspects that any such information or instructions have been known or accessed by unauthorized persons, Customer agrees to notify Bank immediately followed by written confirmation. The occurrence of unauthorized access will not affect any transfers made in good faith by Bank prior to receipt of such notification and within a reasonable time period to prevent unauthorized transfers.

(c) Bank may change, add, or delete any procedures established pursuant to this Agreement, from time to time, upon notice to Customer.

5. COMPLIANCE WITH SECURITY PROCEDURES

(a) If an Entry (or a request for cancellation or amendment of an Entry) received by Bank purports to have been transmitted or authorized by Customer, it will be deemed effective as Customer's Entry (or request) and Customer shall be obligated to pay Bank the amount of such Entry even though the Entry (or request) was not authorized by Customer, provided Bank accepted the Entry in good faith and acted in compliance with the security procedures referred to in Schedules ACH-1 and ACH-2 with respect to such entry.

(b) If an Entry (or request for cancellation or amendment of an Entry) received by Bank was transmitted or authorized by Customer, Customer shall pay Bank the amount of the Entry, whether or not Bank complied with the security procedures referred to in Schedules ACH-1 and ACH-2 with respect to that Entry and whether or not that Entry was erroneous in any respect or that error would have been detected if Bank had complied with such procedures.

6. PROCESSING, TRANSMITTAL, AND SETTLEMENT BY THE BANK

(a) "Effective Date" means a date specified in an Entry on which Customer, as the originator of the transaction, instructs that the payment is to be made.

(b) Except as provided in Section 7, On-Us Entries and Section 8, Rejection of Entries, Bank shall:

- Process Entries received from Customer to conform with the file specification set forth in the Rules;
- Process and/or transmit such Entries as an ODFI to a receiving account ("Receiver") or an ACH Processor for further processing; and
- Settle for such Entries as provided in the Rules

(c) The Bank shall transmit any Entries requiring further processing to the ACH Processor by the deadline (as outlined in Schedules ACH-1 and ACH-2) of the ACH Processor prior to the Effective Entry Date shown in such Entries, provided that each of the following are satisfied:

- Such Entries are received before the Bank's related cut-off time
- The Effective Date follows receipt by the Bank of such Entries by at least the number of days required in the Operating Instructions. Bank will provide Customer with cut-off deadlines and acceptable file delivery methods as indicated in Operating Instructions, which may be amended from time to time. Entries will be deemed received by Bank when Customer has complied with the Rules for delivery of Entries and all security procedures in Schedules ACH-1 and ACH-2.

7. ON-US ENTRIES

Except as provided in Section 8, Rejection of Entries, of this Agreement, in the case of any Entry received for credit/debit to an account maintained with Bank ("On-Us Entry"), the Bank will credit/debit the Receiver's

account in the amount of such Entry on the Effective Entry Date contained in such Entry, provided the requirement set forth in Section 6, Processing, Transmittal, and Settlement by the Bank of this Agreement is met. If that requirement is not met, Bank will use reasonable efforts to credit/debit the Receiver's account for the Entry on the next business day following such Effective Entry Date. For purposes of this Agreement, a "business day" is a day on which the Bank is open to the public for carrying on substantially all of its business other than a Saturday or Sunday and excluding Bank holidays.

8. REJECTION OF ENTRIES

The Bank will reject any Entry that does not comply with the requirements of Section 3, Transmittal of Entries by Customer, or Section 4, Security Procedures, of this Agreement. Bank will have the right to reject an On-Us Entry for any reason for which an Entry may be returned under the Rules. Bank may reject any Entry if Customer has failed to comply with its account balance obligations under Section 12, The Account. Bank will notify Customer by phone, email, or electronic transmission of such rejection no later than the business day such Entry would otherwise have been transmitted by Bank to the ACH Processor or, in the case of an On-Us Entry, its Effective Entry Date. Notices of rejection shall be effective when given. Bank shall have no liability to Customer due to the rejection of any such Entry or Entries; provided, however, Bank agrees to correct and therefore reprocess the Entry or Entries rejected due to errors of Bank, provided that Customer provides Bank with adequate data to correct and reprocess rejected Entry or Entries.

9. CANCELLATION OR AMENDMENT BY CUSTOMER

Customer will have no right to cancel or amend any Entry after its receipt by the Bank. However, Bank will use reasonable efforts to act on a request by Customer for cancellation of an Entry or Entries if such request is made before the Receiver has been credited/debited; provided, such request is received by Bank at a time and in a manner affording Bank a reasonable opportunity to act on the request, and provided the request complies with security procedures for cancellation set forth in Schedules ACH-1 and ACH-2. Notwithstanding the above, Bank shall not have any liability if such cancellation is not effected. Customer shall reimburse Bank for any expenses, losses, or damages Bank may incur in effecting or attempting to effect the cancellation or amendment of an Entry.

10. NOTICE OF RETURNED ENTRIES AND NOTIFICATIONS OF CHANGE

Bank shall notify an authorized individual of Customer by phone, email, or electronic transmission of the receipt of a returned Entry from the ACH Processor if the Bank complied with the terms of this Agreement with respect to the original Entry. Bank shall have no liability to Customer by reason or reasons of a returned Entry or Entries.

Bank shall provide Customer all information, as required by the Rules, with respect to each Notification of Change ("NOC") Entry or Corrected Notification of Change ("Corrected NOC") Entry received by Bank relating to Entries transmitted by Customer. Bank must provide such information to Customer within two banking days of the Settlement Date of each NOC or Corrected NOC Entry. Customer shall ensure that changes requested by the NOC or Corrected NOC are made within six (6) banking days of Customer's receipt of the NOC information from Bank or prior to initiating another Entry to the Receiver's account, whichever is later.

11. PAYMENT

(a) Customer shall pay Bank the amount of each originated credit Entry, and Bank will pay Customer the amount of each originated debit Entry transmitted by Bank pursuant to this Agreement at such time on or before the Effective Entry Date as Bank, in its discretion, may determine.

(b) Customer shall promptly pay Bank the amount of each debit entry returned by a Receiving Depository Financial Institution ("RDFI") that was transmitted by Bank pursuant to this Agreement, and Bank shall promptly pay Customer the amount of each credit Entry returned by an RDFI that was transmitted by Bank pursuant to this Agreement.

12. THE ACCOUNT

Bank may, without notice or demand, obtain payment of any amount due and payable to it under this Agreement by debiting the account(s) of Customer identified in this Agreement ("Account") and shall credit the Account for any amount received by Bank by reason of the return of an Entry transmitted by Bank for which Bank has previously received payment from Customer. Such credit shall be made as of the day of such receipt by Bank. Customer shall at all times maintain a balance of available funds in the Account sufficient to cover its payment obligation under this Agreement. In the event there are not sufficient available funds in the Account to cover Customer's obligations under this Agreement, Customer agrees that Bank may, in its discretion, refuse to process Entries, require Customer to deposit additional funds before the Entries are processed, and/or debit or place a hold on funds in any account maintained by Customer with Bank and that Bank may off-set against any amount it owes to Customer, in order to obtain payment of Customer's obligations under this Agreement. Upon request of Bank, Customer agrees to promptly provide to Bank such information pertaining to Customer's financial condition as Bank may reasonably request.

13. SETTLEMENT LIMITS

Bank may establish maximum dollar amounts for ACH file transmissions ("Settlement Limits") for Customer, by giving Customer either oral or written notification of the amount of said Settlement Limit, and Bank may refuse to transmit Entries on files which are in excess of Customer's Settlement Limit. Bank may change Customer's Settlement Limit from time to time by giving Customer either oral or written notice provided, however, that said Settlement Limit may be changed immediately upon giving telephone notice to Customer in the event Customer:

- Files or has filed against it a petition in bankruptcy or other laws relating to the relief of debtors;
- Suspends the transaction of its usual business, dissolves, or transfers to another party a significant portion of its assets; or
- Is declared to be in default under any other obligation to Bank

14. IAT-INTERNATIONAL ACH TRANSACTIONS

Customer is not permitted to originate IAT Entries, which are international ACH transactions, to either consumer or corporate accounts residing in financial institutions outside of the territorial jurisdiction of the United States. In the event that the Customer submits an IAT Entry to Bank, Bank shall reject the Entry. Third party reporting may also be obtained for extended due diligence with the Federal Reserve Bank supporting of correspondent bank ACH handling.

15. ACCOUNT RECONCILIATION: RESPONSIBILITY TO REPORT DISCREPANCIES

Entries debited or credited to Customer's Account maintained with Bank will be reflected on Customer's periodic statement issued by Bank with respect to the Account. Not more than fourteen (14) days after the mailing, emailing, or delivery of such periodic statement, Customer shall examine the periodic statement and shall immediately notify Bank of any discrepancy or error therein, and failure of Customer to notify Bank of any discrepancy within such time will relieve Bank of any interest liability with respect to any Entries reflected on such periodic statement for which no notice was given or received. Failure of Customer to notify Bank of any discrepancies within ninety (90) days of the mailing, emailing, or delivery of such periodic statement will relieve Bank of any liability for any Entries reflected on such periodic statement for which no notice was given or received.

16. CUSTOMER REPRESENTATIONS AND AGREEMENTS: NOTICE OF PROVISIONAL PAYMENT

With respect to each and every Entry transmitted by Customer, Customer represents and warrants to Bank and

agrees that (a) each person shown as the Receiver on an Entry received by Bank from Customer has authorized the initiation of such Entry and the crediting or debiting of its account in the amount and on the Effective Entry Date shown on such Entry, (b) such authorization is operative at the time of transmittal or crediting or debiting by Bank as provided herein, (c) Entries transmitted to Bank by Customer are limited to those types of credit and debit Entries set forth in Section 3, Transmittal of Entries By Customer, (d) Customer shall perform its obligations under this Agreement in accordance with all applicable laws, regulations, and orders, including, but not limited to, the sanctions laws, regulations, and orders administered by OFAC; laws, regulations, and orders administered by FinCEN; and any state laws, regulations, or orders applicable to the providers of ACH payment services, and (e) Customer shall be bound by and comply with the provision of the *Rules* (among other provisions of the Rules) making payment of an entry by the RDFI to the Receiver provisional until receipt by the RDFI of final settlement for such entry. Customer specifically acknowledges that it has received notice of the rule regarding provisional payment and of the fact that, if such settlement is not received, the RDFI shall be entitled to a refund from the Receiver of the amount credited and Customer shall not be deemed to have paid the Receiver the amount of the entry.

17. LIABILITY: LIMITATION OF LIABILITY

a. Bank Responsibility

In the performance of the services required by this Agreement, Bank shall be entitled to rely solely on the information, representations, and warranties provided by Customer pursuant to this Agreement, and shall not be responsible for the accuracy or completeness thereof. Bank shall be responsible only for performing the services expressly provided for in this Agreement, and will not be liable, except as provided by applicable law, for any error or delay so long as Bank has acted in accordance with the terms and conditions hereof. Without limiting the foregoing, Bank will not be liable for any decision to reject Entries or not to process Entries for the reasons provided herein, or if Customer is in breach of any obligation hereunder, or if Bank reasonably believes or has actual notice of commencement of bankruptcy or similar proceedings against Customer; or if such processing involves funds, the ownership of which or the right to make withdrawals from which may be subject to dispute. To the extent provided for herein, Bank will not be liable if Customer fails to report any error or discrepancy reflected in a periodic statement or if Customer fails to report a breach of confidentiality of security procedures. Bank will not be liable to the extent Customer received the benefit of any Entry, even if such Entry is otherwise erroneous. Further, Bank shall be liable only for Customer's actual damages; in no event shall Bank be liable for any consequential, special, incidental, punitive or indirect loss or damage which Customer may incur or suffer in connection with this Agreement, whether or not the likelihood of such damages was known or contemplated by Bank and regardless of the legal or equitable theory of liability which Customer may assert, including, without limitation, loss or damage from subsequent wrongful dishonor resulting from Bank's acts or omissions pursuant to this Agreement. Without limiting the generality of the foregoing provisions, Bank shall be excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission or communication facilities, equipment failure, war, emergency conditions, acts of terrorism or other circumstances beyond Bank's control. In addition, Bank shall be excused from failing to transmit or delay in transmitting an Entry if such transmittal would result in Bank exceeding any limitation upon its intra-day net funds position established pursuant to present or future Federal Reserve guidelines or in Bank's reasonable judgment would otherwise violate any provision of any present or future risk control program of the Federal Reserve or any rule or regulation or any other U.S. governmental regulatory authority.

b. No Agency

Bank shall not be responsible for acts or omissions of any third party, including without limitation, any Federal Reserve Bank, courier service, National Automated Clearing House Association ("NACHA"), any transmission or communications facility, or any other party involved with processing of the Entry, any Receiver or RDFI (including without limitation the return of an Entry by such Receiver or RDFI), and no such third party will be deemed Bank's agent.

c. Customer's Agents

In the event Customer authorized any third party, such as a payroll processing service, to perform obligations of or services to Customer hereunder, Bank will have no additional liability to Customer as a result of such agency so long as Bank acted in accordance with instructions hereunder. Customer agrees to assume responsibility for any errors or wrongdoing by such third party or any of its employees.

d. Compensation

Subject to the foregoing limitations, any damages or other compensation due Customer resulting from Bank's performance hereunder will be limited to interest on the funds at issue at the "federal funds rate" at the close of business on each day the error or delay remains uncorrected; provided, however, that if Bank is unable to recover funds at issue as a result of Bank's negligence, Bank will be liable for Customer's actual loss, not to exceed the amount of funds that Bank is unable to recover, plus interest. In no event will Bank be liable to Customer for indirect, consequential, special, punitive, or exemplary damages.

18. INDEMNIFICATION

In consideration for Bank's making available to Customer the services hereunder, Customer agrees to indemnify and hold Bank harmless from and against all damages, costs, and expenses (including reasonable attorneys' fees and costs of investigation) arising from or in any manner related to Entries processing or related actions taken back by Bank in accordance with certain instructions provided by Customer, including but not limited to:

- Actions taken by Bank to cancel Entries;
- Any decision by Bank not to effect a transfer for any specified reason herein;
- A breach of Customer's representations under Section 16, Customer Representations and Agreements;
- A circumstance that would relieve Bank of liability to Customer pursuant to Section 15, Account Reconciliation, or Section 17, Liability: Limitation of Liability; and
- Otherwise, so long as Bank acts in compliance with this Agreement.

19. VERIFICATION OF ENTRIES AND RIGHT TO AUDIT RECORDS

Bank shall be entitled, at its sole discretion, to seek verification or authentication of any file of Entries by contacting Customer by telephone or by any other means that is either set forth in any regulations or publications made available to Customer by Bank or otherwise deemed reasonable by Bank; provided however, that so long as Bank complies with the security procedures in Schedules ACH-1 and ACH-2. Bank will have no obligation to seek verification or authentication. If Bank is unable to obtain any verification or authentication sought by it,

Bank may, in its sole discretion, either effect or refuse to affect the Entries. Customer agrees the Bank reserves the right to perform on-site inspection and/or audit the Customer's ACH Origination records and/or operations as needed by the Bank.

20. INCONSISTENCY OF NAME AND ACCOUNT NUMBER

Customer acknowledges and agrees that, if any Entry describes the Receiver, RDFI, or any Intermediary Bank inconsistently by name and account number, payment of such Entry might be made by the Intermediary or RDFI on the basis of the number supplied by Customer even if the number identifies a person or Bank, as the case may be, different from the Receiver or Bank named in the Entry, and that Customer's obligation to pay the amount of the Entry is not excused in such circumstances.

21. PAYMENT FOR SERVICES

Customer will pay Bank the charges for the services provided for herein in accordance with Bank's price schedule for such service, as amended from time to time. Bank is hereby authorized to automatically deduct from the Account, on any payment due date, the amount necessary to pay the fees and charges due for the services provided to Customer pursuant to this Agreement. Such charges do not include, and Customer shall be responsible for payment of, any sales, use, excise, value added, utility or other similar taxes relating to such services, and any fees or charges provided for in the Commercial Account Agreement or Online Banking Services Agreement.

22. AMENDMENTS

From time to time, Bank may amend any of the terms and conditions contained in this Agreement, including without limitation, any part of the Schedule(s) attached hereto. Such amendments will become effective upon receipt of notice by Customer or such later date as may be stated in Bank's notice to Customer. Any use of services provided hereunder after the date Customer receives notice of amendment will constitute acceptance of the terms of said amendment. Customer may add or delete instructions and authorizations by submitting a revised Origination Agreement and Schedule(s) properly signed by authorized Customer representatives. Such amendments will be effective after Bank has received and had a reasonable opportunity to act upon them.

23. DATA RETENTION

Customer will retain data on file adequate to permit remaking of Entries for three (5) business days after midnight of the Effective Entry Date and will provide such data to Bank upon request. Customer specifically agrees to be bound by and comply with all applicable provisions of the Rules regarding the retention of documents or any record, including, without limitation, Customer's responsibilities to retain all items, source documents, and records of authorization in accordance with the Rules. All magnetic tapes, Entries, security procedures and related records used by Bank for transactions contemplated by this Agreement shall be and remain Bank's property. Bank may, at its sole discretion, make available such information upon Customer's request. Any expenses incurred by Bank in making such information available to Customer shall be paid by Customer.

Schedule ACH-1
ACH Services Agreement
(Account Information/Authorized Individuals/Third Party Processing)

The following corporate information is required for ACH Origination account(s) and user setup in accordance with the ACH Services Agreement and Cash Management Services Agreement between Customer and Lone Star National Bank ("Bank") is effective as of: _____ **20**____. Capitalized terms not defined herein shall have the meanings ascribed to them in the ACH Services Agreement and Cash Management Services Agreement.

Company/Customer Name:	
Company Address:	
Customer Settlement Acct. #	

- 1. Authorized Accounts.** The Customer represents and warrants that the accounts listed below in this section, which are held with Lone Star National Bank ("Bank"), are owned entirely by the Customer, and Customer hereby authorizes Bank to make debit and credit entries to the authorized accounts listed below pursuant to ACH Entry requests submitted to Bank by Customer. Customer authorizes bank to charge fees related to ACH Services to any or all of the following accounts:

Account Number	Account Title	ACH Limit	SEC Code	Purpose

The authorized accounts listed above are collectively known as the Account, further described in Section 13 of this ACH Services Agreement.

In no event shall Customer be allowed to initiate or approve ACH files which, if processed and settled, would exceed the following limitation for settlement on a single Business Day:

- 1) Limit(s) set forth above on Section 1. Authorized Accounts.

- 2. Authorized Individuals.** The following person(s) is(are) hereby authorized to request ACH transfers on behalf of Customer. Customer understands and agrees that Bank shall dishonor any request for transfer not specifically authorized hereby. Authorized Individuals may also sign ACH transmittal registers for the deposit of ACH files. CUSTOMER AND BANK AGREE THAT THIS SCHEDULE ACH-1 REPLACES AND SUPERSEDES ANY PREVIOUS AUTHORIZATION(S) PROVIDED TO BANK.

Name of Authorized Individual & Email address	Signature of Authorized Individual	Phone Number	After Hours Phone Number
1 Name: Email:			

2	Name: Email:			
3	Name: Email:			
4	Name: Email:			
5	Name: Email:			

3. Transfer Limitations.

Each Authorized Individual may initiate or approve an ACH file as indicated in the table below. An individual may have both initiation and approval authority if so indicated.

Authorized Individual Name		*Dual Control Required		If Yes on Dual Control (Can't select both)	
		YES	NO	Create/Upload File	Initiate
1		☐	☐	☐	☐
2		☐	☐	☐	☐
3		☐	☐	☐	☐
4		☐	☐	☐	☐
5		☐	☐	☐	☐
6		☐	☐	☐	☐

Where indicated in the immediately preceding table, Authorized Individuals will be subject to Dual Control. Dual Control requires two Authorized Individuals working together to successfully submit and ACH file to Bank. One Authorized Individual is required to create or upload the ACH file and the other Authorized Individual must submit and initiate the file. Shall Customer desire to change the dual control designations, Customer shall submit a new Schedule ACH-1 to Bank and give Bank a reasonable time to update Customer's dual control designations.

*** If Dual Control is not selected, Customer must sign the Optional section found on Schedule A of the Treasury Management Service Request.**

4. Online Administrators

Bank will provide, or will permit the Authorized Signers to set up user ID, password, and token authentication credentials for purposes of accessing Business Online Banking. Customer, Customer's Authorized Signers may initiate ACH transactions within Business Online Banking subject to the company limit or exposure limit described in this Schedule. Customer and Authorized Signers will have administrator privileges within Business Online Banking which will allow Customer or Authorized Signers to delegate various levels of authority to other users, including, but not limited to, the authority to initiate ACH transactions, to approve any such transactions, to cancel any such transactions, to incur charges. Any delegation of authority made with the Business Online Banking platform will be binding on Customer. Any delegation of authority made with the Business Online Banking platform will only be effective for transfers made or services ordered through Business Online Banking and any such delegation may only be revoked using the Business Online Banking platform. Revisions to this form alone will not impact any delegation of authority made using Business Online Banking. Likewise, delegations of authority within Business Online Banking will not be effective for transactions initiated without using Business Online Banking. An Authorized Signer may also request changes to delegations of authority by providing a Schedule C Cash Management Enrollment Form to Bank and allowing Bank a reasonable time to give effect to Customer's request.

5. If Customer Elects Third Party Processing, the Following Provision Applies:

Customer requests that Bank accept ACH Originating credit/debit Entries from Customer's third-party vendor indicated below ("Vendor"). Customer assumes all responsibility for Vendor's acts or omissions. This provision is not binding on Bank until Bank notifies Customer that Vendor is acceptable to Bank.

Vendor Name/Contact: _____

Vendor Address: _____

Vendor Telephone: _____

Company/Customer Name:

Lone Star National Bank

By: _____
*Customer's Authorized Signature
from Schedule B*

By: _____
Bank Officer's Authorized Signature

Name: _____

Name: _____

Date: _____

Date: _____

Schedule ACH-2

ACH File Submission and Security Procedures

1. Delivery Instructions:

All ACH originating files containing Entries must be approved by Bank before being processed by Bank's ACH originating processing system. Bank will accept and process a file that passes Bank's validation process and will reject a file that does not pass Bank's validation process. Customer agrees that an initiated file that passes Bank's validation process and all Entries thereon will be deemed to be authorized by Customer. Customer may set up and submit ACH files on the Bank's Online Banking System. Customer may also submit complete ACH files in and Excel, comma separated value, tab delimited, or fixed position file format. Files may be submitted through Bank's Online Banking System. Customer is encouraged to submit a test record to Bank to verify that the file formatting is correct prior to submitting records to be processed. Different security procedures apply to files submitted through Online Banking than apply to file submissions via other permitted communication channels.

The Customer must complete the batch approval process, or deliver a properly formatted file in order to provide sufficient time for Lone Star National Bank to process the ACH Entry or Entries within the NACHA deadlines. All entries must be submitted prior to 4:00 p.m. CST of Bank's business day within the following timeframe:

- a) Credit Entries: 2 business days prior to the "Effective Date"
- b) Debit Entries: 2 business days prior to the "Effective Date"

Entries submitted after 4:00 p.m. CST on a business day will be deemed received on the Bank's following business day. Bank reserves the right to submit ACH files for processing prior to 4:00 p.m. If Bank submits ACH files for processing early, Customer's files received after the submission time will be processed on the next Business Day.

See the following website for federal holidays that are not Business Days:

<https://www.frb services.org/holidayschedules/>

2. Written Authorizations for Consumer Entries

Customer shall obtain written authorizations for consumer entries and shall retain the consumer authorizations (or a reasonable facsimile of the original items) for a period of no less than two (2) years after the revocation or cessation of the authorization. Customer shall, upon request within two (2) business days, provide Bank an original or copy of the Receiver's authorization for consumer debit entries.

3. Pre-notifications

- a. Customer must send pre-notification (zero-dollar) entries at least six (6) Business Days prior to initiating the first live (dollar) entry to a particular account.
- b. If a prenotification is returned by either the ACH Operator or the RDFI, the Customer should make any necessary corrections before transmitting another entry
- c. If a prenotification results in a Notification of Change, then the Customer should make the required change within six banking days of receipt of the NOC information or prior to initiating another entry, whichever is later.

4. Settlement Instructions:

Credit Entries: In order to process credit Entries submitted by Customer, Customer must have available and collected funds in the Account on the date the Entry file is deemed to be received by Bank. If customer fails to have sufficient funds in the Account on the required date, Bank may, in its sole discretion and without any liability, deny, reject, or process the Entries and charge the Account.

ACH Originator Authorized Transaction Types (SEC codes):

- a. PPD: Prearranged Payment and Deposit, credits or debits to a consumer.
- b. CCD: Corporate Credit or Debit, used for business-to-business transactions.
- c. CTX: Corporate Trade Exchange
- d. WEB: Certain consumer peer-to-peer transactions originated through the internet.

ACH Originator Restricted Transaction Types:

- a. Origination of IAT entries is prohibited (International ACH Transaction)
- b. All other SEC codes not specified above are not authorized for ACH Origination

If Customer uses IAT or any other unauthorized code, including, but not limited to WEB, TEL, or BOC, Bank may immediately terminate Customer's ACH origination privileges.

Debit Entries: Debits to the Account for the total entries will be made as of the "Effective Date".

5. SECURITY PROCEDURES FOR ONLINE BANKING SUBMISSIONS

This Section applies to ACH files submitted via Bank's Online Banking System. All transmissions through Bank's Online Banking System must be encrypted. No procedure herein is intended for the detection of errors entered by Customer in an ACH file or Entry.

- a. Verification of File Authenticity

Bank will allow Customer to establish username and login credentials for each of its Authorized Individuals listed on Schedule ACH-1 for use with Online Banking. Bank will also provide Customer a token to be used as an additional authentication measure. A person accessing Online Banking using the valid username, login credentials, and token associated with an Authorized Individual will be deemed to be authorized to initiate or approve ACH transactions or submit ACH files on Customer's behalf.

Upon submission of an ACH file, Customer or an Authorized Individual must send a verification form to Bank to further authenticate and verify the submission. If Customer fails to provide the verification form, Bank will use its best efforts to contact Customer or an Authorized Individual per the prearranged phone number listed in Schedule ACH-1 to obtain the verification form. A file submission will not be processed unless an Authorized Individual verifies the transaction by providing to Bank the information required on the verification form.

6. ADDITIONAL SECURITY PROCEDURES

- a. Additional Verification

In its sole discretion, Bank may seek verification or further authorization of any ACH credit or debit transactions order or related instruction in addition to any verification procedures described in other provisions of this Agreement. Bank may contact Customer by any reasonable means in order to obtain assurance of the authenticity or other correctness of a payment order. However, Bank shall be under no obligation to do so in any case. If, upon attempting to obtain such verification, Bank is unable to do so, Bank may, in its sole discretion, either make the transfer or decline to make the transfer or follow the instructions or decline to follow the instructions. In such an event, Bank shall not be liable to Customer for any actual loss of any kind or for any consequential, punitive, or exemplary damages in any amount, provided Bank has acted in good faith.

b. Dual Controls and Transaction Limits

The dual controls and transaction limits described in this ACH Services Agreement and its Schedules also constitute security procedures required to process ACH credit or debit transactions.

7. RECORDING OF PHONE INSTRUCTIONS

Customer and Bank agree that all telephone conversations, emails, or other forms of data transmissions between them or their agents, made in connection with this Supplemental Agreement, may be electronically recorded and retained by either party by use of reasonable means.

8. AUDITS - RIGHT TO AUDIT RECORDS

Customer agrees to allow the Bank the right to perform on-site inspection and/or audit the Customer's ACH Origination records and/or operations as needed by the Bank.

9. AMENDMENTS TO SECURITY PROCEDURES

Bank may, from time to time, amend the procedures in Schedule ACH - 2 by providing 30 (thirty) days' notice to Customer.

Company/Customer Name:

Lone Star National Bank

By: _____
*Customer's Authorized Signature
from Schedule B*

By: _____
Bank Officer's Authorized Signature

Name: _____

Name: _____

Date: _____

Date: _____

WIRE TRANSFER AGREEMENT

1. The Service. Bank agrees to provide for origination of funds transfers by wire ("Wire Transfer"). Whenever Bank receives from Customer or an Authorized Agent of Customer a Wire Transfer request which on its face is in compliance with the security procedures established by this Agreement, Customer authorizes and directs Bank to transfer funds from any and all of Customer's accounts at the Bank, to any account maintained by Customer or any third party designated in the Wire Transfer request, whether the receiving account is at Bank or at any other institution in accordance with the terms hereof (the "Service"). As used in this Agreement, the term "Wire Transfer" shall be deemed to include a transfer of funds by means of the Federal Reserve FEDWIRE, through a correspondent bank, the Society for Worldwide Interbank Financial Telecommunications ("SWIFT"), TELEX, computer terminal, or other means. The term does not include transfers made through the Automated Clearing House ("ACH") system within the United States, as defined by the National Automated Clearing House Association ("NACHA") operating rules. The terms of Customer's Deposit Account Agreement are incorporated herein by reference.

2. Definitions

(a) "Business Day" means any day on which a majority of the Bank's offices are open to the public for conducting substantially all business functions; provided, however, that Saturdays, Sundays and federal holidays are not Business Days even if a majority of the Bank's offices are open.

(b) "Repetitive Transfers" means Wire Transfer requests made routinely with instructions remaining constant except for the date and dollar amount.

(c) "Non-Repetitive Transfers" means Wire Transfer requests made routinely with only the debit account remaining constant.

(d) "Domestic Wire" means a Wire Transfer that will not go outside of the United States and will be in U.S. dollars.

(e) "Foreign Wire" means a Wire Transfer that eventually will be credited to an account outside the United States or will be sent in a currency other than U.S. Dollars.

(f) "Remittance Transfer" means an electronic transfer of funds initiated from a consumer account located in the United States primarily for personal, family or household purposes to a recipient (hereafter referred to as the "beneficiary") located outside the United States. Special rules apply to Remittance Transfers. For each Remittance Transfer that Customer initiates, Bank must provide Customer with disclosures required by federal law at the time Customer initiates the Remittance Transfer. To the extent that the provisions of this Agreement are inconsistent with the disclosures provided to Customer for a Remittance Transfer, the provisions of such disclosures shall govern. Disclosures may be furnished to Customer electronically where Customer has agreed to receive disclosures electronically.

3. Accounts. Customer agrees to maintain a minimum of at least one (1) checking account ("account") with the Bank with funds sufficient to cover the transactions initiated pursuant to this Agreement, and to cover fees required to pay for Services provided thereunder.

4. Authorized Agents. Customer represents and warrants to Bank that the persons named on Schedule W-1 to this Agreement as Authorized Agents are authorized by Customer and on Customer's behalf to give instructions to Bank for transfers of funds and matters related to transfers of funds with respect to

Customer's accounts at the Bank. Customer may change the Authorized Agents listed on Schedule W-1 to this Agreement from time to time upon written notice to Bank. Any such notice must be expressly acknowledged by Bank to be effective. Customer agrees that the terms and conditions set forth herein constitute a commercially reasonable method of facilitating wire transfers by Customer.

5. Security Procedures.

- (a) Security Procedures under the Agreement. The Bank and the Customer agree to security procedures ("Security Procedures") that must be used by the Bank and the Customer in connection with the Service. Security Procedures offered by the Bank are described herein. As part of the Security Procedures, Bank may employ various authentication technologies. As part of the Bank's Wire Transfer systems, Bank employs various security and authentication technologies to ensure that Customer and Authorized Agents are communicating directly with Bank, and also to ensure that the Customer's computer is communicating with a legitimate Bank computer. Such Bank authentication procedures and technologies include, but are not limited to, use of Customer User IDs, passwords and other "Additional Authentication Information" ("AAI") that Bank may require Customers to provide at Bank's sole discretion. Such AAI is required as a component of various Wire Transfer systems authentication procedures that Bank may employ, including, but not limited to, security questions and responses and/or use of other hardware-based and software-based security and authentication tools, programs and procedures. The Customer is responsible for the establishment and maintenance of its internal procedures reasonably adapted to insure the confidentiality and security of Security Procedures. **CUSTOMER UNDERSTANDS AND AGREES THAT CUSTOMER WILL BE RESPONSIBLE FOR MAINTAINING SECURITY AND CONTROL OVER ALL USER IDS AND PASSWORDS OF THE CUSTOMER'S AUTHORIZED PARTIES, SERVICE SETUP ADMINISTRATORS, USER SETUP ADMINISTRATORS AND USERS, AND SHALL USE SECURITY FOR SUCH ITEMS COMPARABLE TO THE SECURITY AND CONTROL CUSTOMER WOULD USE FOR CASH, OR A MECHANICAL CHECK-SIGNING MACHINE, BUT IN NO EVENT LESS THAN REASONABLE SECURITY AND CONTROL IN THE CIRCUMSTANCES.** If the Customer or its employees or agents have reason to believe that any Security Procedure has or may have become known by unauthorized persons (whether or not employed by the Customer), the Customer shall immediately notify the Bank by telephone and confirm such oral notification in writing to the Bank within twenty-four (24) hours of the oral notification. The Bank will replace the Security Procedures in accordance with the Bank's standard security requirements related to the applicable Service(s). To the maximum extent permitted by applicable law, the Customer will be solely liable for all transactions, including Wire Transfer requests and other communications, initiated before the Bank has received such notification and has had a reasonable opportunity to act on such notification. The Bank reserves the right to change any or all of the Security Procedures offered or used at any time by giving oral or written notice to the Customer. The Customer agrees that its use of the Service after the Bank provides notice of such changes constitutes Customer's acceptance of the new Security Procedures. The Customer acknowledges that the purpose of Security Procedures is to authenticate the identity of the person initiating the action, not to detect errors in any transmission or content. The Bank is not agreeing to any security or other procedure for the detection of errors. The Customer represents that for the Service, it considers the Security Procedures to be commercially reasonable with respect to the size, type, and frequency of Wire Transfers it anticipates issuing and the information which will be transmitted. Customer expressly represents it has not withheld any information or circumstances from Financial Institution, which would indicate different security procedures, are appropriate for this Agreement.

- (b) Customer's Data Security Obligations. Customer must comply with the Computer (as defined herein) hardware, software, and Security Procedures requirements as set forth in these General Provisions and in any Service specific provisions or any supplemental information and instructions provided by the Bank. The Bank reserves the right as encryption technology develops to impose further reasonable requirements to maintain the appropriate level of security for the Service and transactions contemplated hereunder and the Customer agrees to abide by such requirements. Furthermore, the Customer understands and acknowledges that if Customer does not follow commercially reasonable hardware, software, physical access and physical storage security procedures regarding any Customer-owned Data (defined herein), including such data containing the sensitive personally identifiable information ("PII") of any individual, the security of Customer's transactions and/or Customer-owned Data (including sensitive PII) may be compromised. Customer understands, acknowledges and agrees that installation, maintenance and operation of Customer's Computer (hardware and software) and related security procedures, including, but not limited to, data security protection, firewalls and anti-virus software, is the Customer's sole responsibility, and that Customer is solely responsible for securing, encrypting, protecting and otherwise safeguarding the Customer-owned Data.
- (c) Limitation on Liability. In addition to limitation of liability provisions contained elsewhere in this Agreement, Customer understands, acknowledges and agrees that the Bank is not responsible for any loss or damages resulting from any errors or failures of the Customer's Computer or data processing systems, including, but not limited to any computer virus or malware attack (such as a keystroke logging program or similar malware), any attack by a person attempting or actually gaining unauthorized access to Customer-owned Data, or any Internet-related problems that may be associated with the Customer's access and use of the Service.
- (d) Serious Potential Threat to Customer's Business; Notification to Bank. Customer acknowledges and agrees that the threat of fraud resulting from theft of electronic data is a serious potential threat to Customer's business and, accordingly, Customer will take all reasonable steps to make certain that its Computers and data security systems are protected from unauthorized access or use, and in an event of any unauthorized access or use, Customer will take all reasonable steps to immediately inform Bank of the security breach.
- (e) Responsibility for Loss. If, despite Customer efforts, Customer suffers any damage or loss as a result of Customer's failure to comply with its data security obligations, and regardless of whether such damage or loss results from the activities of Customer's employees, agents, subcontractors or any unaffiliated third party, any such loss or damage shall be the sole responsibility of Customer.
- (f) In its sole and absolute discretion, Bank may seek verification or further authorization of any Wire Transfer request or related instruction. Bank may contact Customer and its Authorized Agents by telephone at the telephone number(s) listed in Schedule W-1, attached hereto, in order to obtain assurance of the authenticity or other correctness of a transfer request. Bank shall be under no obligation to do so. If, however, upon attempting to obtain such verification, Bank is unable to do so, Bank may in its sole and absolute discretion, either make the transfer or decline to make the transfer or follow the instructions or decline to follow the instructions. In such event, Bank shall not be liable to Customer for any actual loss of any kind or for any consequential, or exemplary damages in any amount, provided Bank has acted in good faith.

6. Processing Wire Transfer Requests. Subject to Bank's normal banking hours and other deadlines, whether legal, regulatory, or contractual, Bank is hereby authorized and directed to make Wire

Transfers and to act upon other instructions relating to Wire Transfers upon receipt of instructions through the Wire Transfer systems, by fax, or by secure email, or in-person (Customer Identification may be required), which on their face are in compliance with the Security Procedures established by this Agreement. To facilitate security, Customer agrees that instructions should be in the format required by the Wire Transfer systems.

7. Inconsistent Name and Account Number. Customer understands that the numbers assigned to banks and to the accounts of recipients of transfers are critical to the transfer function. If any Wire Transfer request by the Customer describes the intended recipient of funds inconsistently by name and account number, the Customer agrees that payment by the receiving bank (which may be the Bank) may be made on the basis of the account number alone even if that account is not owned by the person or entity named in the Wire Transfer request. If any Wire Transfer request identifies an intermediary bank or the payee's bank inconsistently by name and identifying number, the Customer agrees that the Bank may rely solely on the identifying number as the proper identification of the intermediary bank or the payee's bank even if it identifies a bank different from the bank the Customer identified by name. To the extent permitted by applicable law, the Customer acknowledges and agrees that its obligation to pay the Bank the amount of the Wire Transfer pursuant to a Wire Transfer request will not be excused in any circumstance described in Section 21 (Erroneous Instructions), below, and that the Customer will reimburse the Bank for any losses or expenses the Bank incurs as a result of the Bank's reliance on the identifying number provided in the Wire Transfer request.

8. Cancellation or Amendment of Non-Remittance Transfers. Customer may ask Bank to amend or cancel any Wire Transfer Request or related instruction, and Bank will use its best efforts to comply with such request if the request is made at a time and in a manner which gives Bank a reasonable opportunity to act on the request before it carries out the transfer or instruction as Customer originally requested.

9. Cancellation or Amendment of Remittance Transfers – Customer has the right to cancel or amend a Remittance Transfer request, provided that Customer cancels or amends that request within thirty (30) minutes of Customer authorizing payment for that transfer. If Customer requests a cancellation or amendment after such time, the provisions in Section 8, above, shall apply to such Remittance Transfer.

10. Wire Transfer Requests. Requests for Wire Transfers may be initiated online by Customer by an Authorized Agent by providing the authentication information required by Bank. Requests may also be submitted in person at a Bank branch, via phone call, or via fax transmission. All Wire Transfers are subject to conformance with the security procedures described in the Treasury Management Services Agreement, this Wire Transfer Agreement, and any applicable Schedules, Appendices, or Addenda. All Wire Transfers are required to provide the minimum information requirements of the "Travel Rule", and at a minimum will include the Originator's name/address, beneficiary's name/address, originating bank name/ID/branch code, foreign correspondent bank name/ID/branch code, receiving bank name/ID/branch code, and reason for payment. Requests that do not meet the minimum standards of the "Travel Rule" may be refused or declined.

11. Acceptance and Execution of Wire Transfer Requests.

- (a) Bank Acceptance of Requests. A Wire Transfer request from the Customer shall be considered accepted by the Bank when the Bank executes it.
- (b) Deadlines. The Customer acknowledges that the Bank maintains deadlines for accepting Wire Transfer requests. Such deadlines are subject to change from time to time at the sole discretion of the Bank. If a Wire Transfer request from the Customer is delivered after the deadline, it may be executed the next Business Day. Wire Transfers shall be deemed delivered to the Bank when the

applicable Security Procedures have been complied with and the submission to the Bank is completed in accordance with the Agreement.

- (c) Bank Acceptance of Instructions. No instructions or other restrictions limiting the Bank's acceptance of a Wire Transfer request from the Customer shall be effective unless accepted and agreed to in writing by the Bank. However, the Bank at its option may elect to act consistently with such instructions or other restrictions which it believes in good faith were made by an Authorized Party or User of the Customer.
- (d) Instructions. The Bank shall make debits according to the instructions received from the Customer in the Wire Transfer request and credits according to the instructions received electronically for each Wire Transfer request.
- (e) Transmission. In executing any Wire Transfer request, the Bank may utilize such means of transmission as it may reasonably select. The Bank may initiate Wire Transfer requests in any order convenient to it.

12. Revocation of Transfers. The Customer has no right to reverse, adjust, or revoke a Wire Transfer request after the Bank has executed the Wire Transfer. If the Customer requests the reversal, adjustment or revocation of a Wire Transfer request, Bank shall not be obligated to do so. The Bank may, but shall not be obligated to, attempt to recover the funds from the transferee using whatever steps the Bank may deem appropriate. If Customer requests the reversal, adjustment or revocation of a Wire Transfer request, Bank may require Customer to deposit with Bank an amount reasonably determined in good faith by Bank to approximate the costs and expenses, including, but not limited to, attorneys' fees which Bank may incur in attempting to recover the funds transferred. In lieu of such a deposit, Bank may request customer to provide a bond or other assurance of payment reasonably satisfactory to Bank. In no event, however, shall Bank be deemed to have guaranteed or otherwise assured the recovery of any portion of the amount transferred, nor to have accepted responsibility for any amount transferred before Bank received and had time to act upon the request to amend or cancel the transfer request. **THE CUSTOMER EXPRESSLY AGREES TO INDEMNIFY THE BANK AGAINST ANY COSTS, EXPENSES, DAMAGES AND LIABILITIES, INCLUDING ATTORNEY'S FEES, WHICH THE BANK MAY INCUR IN ATTEMPTING TO EFFECT SUCH RECOVERY OF FUNDS. THE BANK MAKES NO REPRESENTATION OR WARRANTY AS TO ITS ABILITY TO REVOKE OR CANCEL A WIRE TRANSFER ONCE MADE.**

13. Confirmation; Account Reconciliation.

- (a) Statements. The account statements provided to the Customer by the Bank will notify the Customer of (i) the execution of Wire Transfers and all debits or credits to accounts of the Customer held by the Bank resulting from transactions pursuant to the Agreement; and (ii) amounts debited by the Bank from the account(s) for payment of fees for the Service hereunder or other charges pursuant to the Agreement. The Customer agrees that the Bank will not be required to provide any other notice to the Customer of the execution of any Wire Transfers, debits, credits or charges.
- (b) Confirmations. Promptly after receiving a payment order for a Funds Transfer, Financial Institution will mail or deliver to Customer, as such address as Customer may designate from time to time, a confirmation or statement setting forth the date and amount and other information on the transfer made pursuant to this Agreement.

- (c) **Notification of Discrepancies.** Customer agrees to examine each statement and confirmation upon receipt and to notify Bank immediately of any perceived error or other discrepancy regarding any such Wire Transfer. If Customer fails to notify Bank of any discrepancy or other problem within 5 Business Days of the earlier of Customer's receipt of the statement or confirmation, Bank shall be relieved of any and all liability in connection with the Wire Transfer or Wire Transfers reflected in the statement or confirmation. All correspondence relating to a specific Wire Transfer request must include the date and amount of the transfer and, if a reference or confirmation number is assigned to the transfer, the number assigned to the Wire Transfer. If, upon Customer questioning a transaction within the 5 Business Day period, it is determined that the Bank complied with this Agreement or that Customer did not comply with this Agreement, Bank shall be relieved of all liability in connection with the transfer. Bank shall be under no obligation to make any transfer of an amount in excess of the collected and available balance in the Customer's account(s) with Bank, as such balance may be determined in good faith by Bank.

14. Claims with Respect to Remittance Transfers. If Customer believes there has been an error with regard to, or Customer needs more information about, any Remittance Transfer, Customer agrees to contact Bank within one hundred and eighty (180) days of the date indicated by Bank as the date on which the transferred funds would be available to the recipient of that transfer using the contact information provided on Schedule W-1.

At such time, Customer may be asked to provide the following information: 1) Customer's name, address and account number; 2) the name of the beneficiary receiving the funds and, if known, the beneficiary's telephone number or address; 3) the dollar amount of the transfer; 4) the reference code for the transfer; and 5) a description of the error or why Customer needs additional information. Bank may also ask me to select a choice of remedy (credit to my account in an amount necessary to resolve the error or, alternatively, a resend of the transfer in an amount necessary to resolve the error) in those cases where an error by Bank is found. Bank will determine whether an error has occurred within ninety (90) days after Customer contacts Bank. If Bank determines that an error has occurred, Bank will promptly correct that error in accordance with the error resolution procedures under the Electronic Fund Transfer Act and federal Regulation E or in accordance with the laws of the State of Texas, as may be applicable. In any event, Bank hereby agrees (insofar as Customer may do so under applicable law) that any action or proceeding by Customer to enforce any obligation, duty or right under this Agreement must be commenced within one (1) year from the date that such cause of action accrues. **IN NO EVENT SHALL BANK BE RESPONSIBLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR PUNITIVE DAMAGES OR EXPENSES IN CONNECTION WITH CUSTOMER'S REMITTANCE TRANSFER.**

15. Foreign Currency Exchange. Customer agrees that if it requests a transfer of funds in a currency other than United States dollars, Financial Institution will convert at the Financial Institution's current exchange rate for the specified foreign currency. If any funds are returned to Customer in a currency other than United States dollars, Financial Institution will convert the returned foreign currency into United States dollars at its current exchange rate for such currency at the time of the return. If Financial Institution does not have current exchange rates for the particular foreign currency involved, Financial Institution will use its best efforts to convert the currency promptly through reasonable commercial or banking channels, and Customer shall pay Financial Institution a reasonable fee for such services. The Bank assumes neither risk of loss nor any liability, which Customer or any other person may suffer by reason of foreign currency exchange conversions. In no event shall Financial Institution be liable to Customer for any losses arising from currency conversions effected by Financial Institution in good faith within a reasonable time after receiving funds for conversion. If Customer is a consumer Customer and desires to send a payment order to a foreign country outside the U.S., Financial Institution will comply with all applicable laws, rules and regulations, and will provide all information and disclosures required with regard to such consumer foreign funds transfer.

16. Fees.

- (a) Generally. The Bank reserves the right to change any fee schedule at any time and from time to time, without notice. Applicable fees do not include, and the Customer will be solely responsible for payment of any sales, use, excise, value added, utility tax, or tariffs relating to the Service(s) provided hereunder, and for all telephone charges, Internet access service charges, tolls, tariffs, and other costs for Internet Banking Services initiated by the Customer, or the Customer's authorized users, or correspondent banks of the Bank.
- (b) Payment of Fees. Any amount(s) due the Bank for the Service as determined by the Bank's account analysis or will be charged per Section 13(a), Payment of Fees in the Treasury Management Services Agreement.
- (c) Foreign Wires. U.S. Dollar denominated foreign Wire Transfers are subject to additional fees by correspondents.

17. Wire Template Maintenance; Customer's Liability for Errors in Beneficiary Information.

THE CUSTOMER UNDERSTANDS AND AGREES THAT THE CUSTOMER AND NOT THE BANK WILL CONTROL THE BENEFICIARY INFORMATION FOR ALL WIRE TRANSFERS, INCLUDING ANY REPETITIVE WIRE REQUESTS, AND THAT IF ANY WIRE TRANSFER REQUEST BY THE CUSTOMER DESCRIBES THE INTENDED RECIPIENT OF FUNDS INCONSISTENTLY BY NAME AND ACCOUNT NUMBER THAT PAYMENT BY THE RECEIVING BANK (WHICH MAY BE THE BANK) MAY BE MADE ON THE BASIS OF ACCOUNT NUMBER ALONE EVEN IF THAT ACCOUNT IS NOT OWNED BY THE PERSON OR ENTITY NAMED IN THE WIRE TRANSFER REQUEST. BANK WILL NOT BE LIABLE FOR ANY ERRORS OR LOSSES RESULTING FROM ANY ERRORS IN OR CHANGES TO THE BENEFICIARY INFORMATION PROVIDED BY THE CUSTOMER. CUSTOMER HEREBY AGREES AND ACKNOWLEDGES THAT BANK IS NOT RESPONSIBLE FOR DETECTING ANY CUSTOMER ERROR CONTAINED IN ANY INDIVIDUAL WIRE TRANSFER.

18. Account Holder's Liability for Wire Transfers. The Customer agrees to be bound by any Wire Transfer, amendment or cancellation to a Wire Transfer issued in the Customer's name and received by the Bank, whether or not authorized, if the Bank accepts the Wire Transfer, amendment or cancellation in good faith and in compliance with the Security Procedures agreed to herein.

IN THE EVENT THAT A WIRE TRANSFER IS UNAUTHORIZED BUT EFFECTIVE PURSUANT TO THE SECURITY PROCEDURES AND OTHER PROCEDURES AGREED TO HEREIN, BANK IS ENTITLED TO ENFORCE OR RETAIN PAYMENT FOR THE WIRE TRANSFER FROM CUSTOMER UNLESS THE CUSTOMER CAN PROVE THAT THE WIRE TRANSFER WAS NOT CAUSED, DIRECTLY OR INDIRECTLY, BY A PERSON EITHER (I) ENTRUSTED AT ANY TIME WITH DUTIES TO ACT ON CUSTOMER'S BEHALF WITH RESPECT TO SUCH WIRE TRANSFER OR THE SECURITY PROCEDURES OR OTHER PROCEDURES HEREIN, OR (II) WHO OBTAINED ACCESS TO CUSTOMER'S TRANSMITTING FACILITIES OR WHO OBTAINED, FROM A SOURCE CONTROLLED BY CUSTOMER AND WITHOUT AUTHORITY OF THE BANK, INFORMATION FACILITATING A BREACH OF THE PROCEDURES, REGARDLESS OF HOW THE INFORMATION WAS OBTAINED OR WHETHER CUSTOMER WAS AT FAULT.

19. Bank's Duties. Bank's duties and responsibilities are limited to those described in this Agreement. Bank will use ordinary care in performing under this Agreement, but will be responsible for any

loss sustained by Customer only to the extent such loss is caused by Bank's gross negligence or intentional wrongful acts. However, in such case, liability will extend only to the resulting direct loss not to exceed the amount of the disputed Wire Transfer and any related fees, and not to any special, indirect, exemplary or consequential damages, Including, but not limited to, lost profits, even if Bank has been informed of the possibility of such damages. In addition, Bank will not be responsible for liability, loss, or damage resulting from: Customer's failure to follow this Agreement or other procedures for Wire Transfers, of which Bank has notified Customer; or any delay in the performance by Bank of, or failure to perform, the provisions of this Agreement.

20. Construction. While this Agreement shall be construed consistently with any other agreement between Customer and Bank relating to Customer's financial transactions with Bank, in the event of any conflict or inconsistency among the terms of this Agreement and any other agreement between Customer and Bank, the terms of the most recently dated agreement, including amendments, shall control, but only to the extent of such conflict or inconsistency.

21. Governing Law. This Agreement shall be governed by all applicable operating circulars of any Federal Reserve Bank which may handle any transaction that is the subject of this Agreement, and by all applicable provisions of federal law and regulation. To the extent allowed by federal law, this Agreement shall also be governed by the operating rules and other governing documents of SWIFT, or any other Wire Transfer or advice service or facilitator, and by the laws of any foreign nation having jurisdiction over the Wire Transfer (or any segment thereof, to the extent of that segment only). To the extent it is not governed by such laws, regulations, rules and other governing documents, this Agreement shall be governed by the laws of the State of Texas, including Texas Business & Commerce Code Article 4A relating to Wire Transfers. This Agreement shall be binding upon and inure to the benefit of Customer and Bank, and their respective successors, assigns, and legal representatives.

22. Identification Verification. We are required by Federal Law, International Automated Transactions ("IAT") requirements, and under the USA Patriot Act to verify your identification and check records against certain government lists, transaction type, delivery method, and origin, which may delay the process of your request.

Schedule W-1

Wire Transfer Resolution & Designation of Authorized Individuals

Customer hereby certifies the following:

- 1. Authorized Accounts.** The Customer represents and warrants that the below-listed accounts held with Lone Star National Bank ("Bank") are owned entirely by the Customer, and are hereby authorized to be charged as instructed by the Customer for wire transfers and related fees. Authorized Individual may initiate a wire transfer only up to the maximum wire limit as indicated in the table below.

	Account Number	Account Title	Per Day Total Wire Limit
1			
2			
3			
4			
5			

- 2. Authorized Individuals for Fax or Email Wire Transfer Request.** The following person(s) is(are) hereby authorized to initiate wire transfers on behalf of Customer. Customer understands and agrees that Bank shall dishonor any request for transfer not specifically authorized hereby. Written wire instructions must be signed and faxed or email on requests via phone call. Each Authorized Individual may initiate and approve wire transfers as indicated in the table below. Each Authorized Individual may initiate a wire transfer only up to the maximum wire limit indicated on Section 1 Authorized Accounts. Each Authorized Individual may only request a wire transfer from the account or accounts indicated. CUSTOMER AND BANK AGREE THAT THIS SCHEDULE W-1 REPLACES AND SUPERSEDES ANY PREVIOUS AUTHORIZATION(S) PROVIDED TO BANK.

Authorized Individual Name	Allow Account(s) from list above Example (1&3)	Authorized Individual Signature	Phone Number	Wire Limit (Can't be greater than the Per Day Acct Limit)	(4 digit) Wire PIN#

- 3. Authorized Individuals for Cash Management Online Banking Submissions.** The following person(s) is(are) hereby authorized to initiate wire transfers via Cash Management Online Banking on behalf of Customer understands and agrees that Bank shall dishonor any request for transfer not specifically authorized hereby. Each Authorized Individual may initiate a wire transfer only up to the maximum wire limit indicated on Section 1 Authorized Accounts.. Each Authorized Individual may only initiate a wire transfer from the account or accounts indicated. CUSTOMER AND BANK AGREE THAT THIS SCHEDULE W-1 REPLACES AND SUPERSEDES ANY PREVIOUS AUTHORIZATION(S) PROVIDED TO BANK.

Authorized Individual Name	Allow Account(s) from list above Example (1&3)	Authorized Individual Email Address	Phone Number	Wire Limit (Can't be greater than the Per Day Acct Limit)	*Dual Control Required (Yes/No)	
					☐	☐
					☐	☐
					☐	☐
					☐	☐
					☐	☐
					☐	☐

Where indicated in the immediately preceding table, Authorized Individuals will be subject to Dual Control. Dual Control requires two Authorized Individuals working together to successfully release a wire to Bank. One Authorized Individual is required to initiate the transfer request and the other Authorized Individual is required to approve and release the transfer request. A single Authorized Individual will not be able to initiate, approve and release the same transfer request if the Authorized Individual is designated by Customer as being subject to Dual Control in the immediately preceding table. Shall Customer desire to change the dual control designations, Customer shall submit a new Schedule W-1 to Bank and give Bank a reasonable time to update Customer's dual control designations.

*** If Dual Control is not selected, Customer must sign the Optional section found on Schedule A from the Treasury Management Service Request.**

Notwithstanding the transfer limitations listed in the table above, in no event shall Customer be allowed to initiate or approve a wire transfer exceeding the following:

- 1) limit amount indicated on Section 1 Authorize Accounts which is an amount agreed to by Bank and Customer.

4. General Security Procedures.

(a) Customer agrees to comply with the security procedures described in this agreement, including the following security procedures and safeguards.

a. Authorized Individuals. Customer represents and warrants to Bank that, within the limitations set forth in Section 3 of this Schedule, the persons named in this Schedule W-1 as Authorized Individuals are authorized by Customer to: (i) initiate, amend or cancel transfer requests, (ii) receive callbacks confirming transfer requests, (iii) to agree on pricing for foreign currency exchange transactions, and (iv) otherwise authorize or approve wire transaction requests.

b. Aggregate Limits. Bank may establish daily aggregate dollar limits on the amount of transfer requests to be made from Customer's Account.

c. Additional Verification. In its sole discretion, Bank may seek verification or further authorization of any wire payment order or related instruction in addition to any verification procedures described in other provisions of this Agreement. Bank may contact Customer by any reasonable means in order to obtain assurance of the authenticity or other correctness of a payment order. However, Bank shall be under no obligation to do so in any case. If, upon attempting to obtain such verification, Bank is

unable to do so, Bank may, in its sole discretion, either make the transfer or decline to make the transfer or follow the instructions or decline to follow the instructions. In such an event, Bank shall not be liable to Customer for any actual loss of any kind or for any consequential, punitive, or exemplary damages in any amount, provided Bank has acted in good faith.

5. Security Procedures for Transfers Initiated Through Online Banking.

- a. Verification.** Bank shall verify the identity of Customer, its Authorized Signers, or its Authorized Individuals as well as the authenticity of a Customer's transfer request initiated through Online Banking through the presentation of valid login credentials, including username, password, and token. Bank shall verify the authenticity of a submitted wire request through the presentation of a valid wire personal identification number ("PIN"). Customer acknowledges and understands that any person presenting valid credentials as described in this section, which credentials are associated with Customer, Customer's Authorized Signer, or Authorized Representative shall be deemed to be the Customer, Authorized Signer, or Authorized Individual with whom the credentials are associated. Customer acknowledges and understands that any person presenting such valid credentials shall be deemed to be authorized by Customer to initiate or approve a wire transfer request, subject to the dual control, wire limit, and authorized account designations indicated in this Schedule.

6. Security Procedures for Wire Transfers Initiated by Fax, Phone, or Email Request.

- a. Verification.** Where a payment order or communication is authorized by Customer via a fax, telephone, or email communication. Bank shall verify the authenticity of the payment order or communication canceling or amending a payment order issued in Customer's name by call back to an Authorized Individual using the pre-arranged telephone number or emergency contact number listed above for the Authorized Individual. Prior to processing a request, Bank will require the Authorized individual to provide a transaction specific verification form containing facts regarding the requested transaction.
- b. Mandatory PIN Verification.** Customer shall provide the Bank a four digit Wire PIN, which may be used to identify Customer or an Authorized Individual for purposes of verifying wire requests initiated via phone, fax, or email. Bank shall verify the authenticity of such a payment order or communication canceling or amending a payment order issued in Customer's name by call back to an Authorized Individual and through the use of a telephone PIN associated with the Authorized Individual. If Bank does attempt to contact Customer, but Bank is unable to reach Customer, Bank may refuse to make the wire transfer until Bank has received appropriate confirmation from Customer, and Customer agrees in such case that Bank will not be liable to Customer or to any payee in the event Bank refuses to make the wire transfer.

- 7. Cutoff Times.** Domestic Wire Transfers initiated before 2:00 PM CST on a Business Day are posted to Customer's account the same day. Domestic Wire Transfers completed after 2:00 PM CST on a Business day, Saturday, Sunday or banking holiday, will be posted on the next Business Day.

International Wire Transfers, foreign exchange wire transmissions, and Remittance Transfer requests initiated before 2:00 PM CST on a Business Day are posted to Customer's account the same day. International Wire Transfers, foreign exchange wire transmissions, and Remittance Transfer requests completed after 2:00 PM CST on a Business day, Saturday, Sunday or banking holiday, will be posted on the next Business Day.

Wires to be sent to another bank which exceed \$5,000,000 must be initiated prior to 1:00 PM CST on a

Business Day in order to be processed on the same Business Day.

Net Teller transfers initiated before 3:30 PM CST on a Business Day are posted to Customer's account the same day. Net Teller transfers completed after 3:30 PM CST on a Business day, Saturday, Sunday or banking holiday, will be posted on the next Business Day.

- 8. Representations and Warranties.** Customer hereby represents and warrants to Bank that the names of the Authorized Individuals, the account numbers from which they are authorized to request transfers, the maximum authorized amounts, and all other information stated on this Schedule W-1 is authorized and correct. If at any time Customer wishes to change any of the information provided on Schedule W-1, Customer will submit a new Schedule W-1 to Bank. Each Schedule W-1 will supersede all previous Schedule W-1's.

Company/Customer Name:

Lone Star National Bank

By: _____
*Customer's Authorized Signature
from Schedule B*

By: _____
Bank Officer's Authorized Signature

Name: _____

Name: _____

Date: _____

Date: _____

Wire Transfer Department Contact Information:

Lone Star National Bank
206 W. Ferguson
Pharr, TX 78577

Telephone: 1.800.580.0322 or 956.781.4321
Ext. 2289, 2276, 2261, 2238 & 2147

Email: Wire_ach@lonestarnationalbank.com

Fax: 956.984.2292

POSITIVE PAY

The Bank and the Customer agree that the provision by the Bank and the use by the Customer of the positive pay services described below shall be subject to the terms and conditions set forth in this agreement, Set-Up Forms, and schedules, if any (the "Positive Pay Agreement"). Customer will select the type of Positive Pay Service to be provided hereunder. "Positive Pay Services" include "Positive Pay", as more specifically described herein. In the event of inconsistency between a provision of this Positive Pay Agreement and the Uniform Commercial Code ("U.C.C."), the provisions of this Positive Pay Agreement shall prevail.

1. **DEFINITIONS**

1.1 Statutory Definitions. Unless otherwise defined in this Positive Pay Agreement, words or phrases shall have the meanings set forth in U.C.C. Article 3- "Negotiable Instruments" and U.C.C. Article 4- "Bank Deposits and Collections."

1.2 Definitions.

- a. "Positive Pay Agreement" means this Positive Pay Services Agreement as it may be amended from time to time and shall be deemed to include any Set-Up Forms and schedules to the agreement.
- b. "Authorized Account" means the deposit account(s) of the Customer, maintained at the Bank, to which the Positive Pay Services rendered by the Bank will apply as identified on the "Positive Pay Services – Set-Up & Account Maintenance Form".
- c. "Auto Exception Decision Rule" means the option chosen by the Customer instructing the Bank how to process an Exception Item that has NOT received a Pay/No Pay Decision by the Customer as of the Daily Decision Cutoff Time.
- d. "Available Funds" means funds on deposit in an Authorized Account and available for withdrawal pursuant to Regulation CC and the Bank's applicable funds availability schedule and policies.
- e. "Banking Day" means any day, other than Saturday or Sunday, on which the Bank is not required or authorized to close.
- f. "Check Exception" means a Presented Check that does not match an Issue Item in the Issue Item database. A Check Exception may or may not be authorized.
- g. "Issue Item" means a check issued by the Customer and released for payment.
- h. "Issue Item Database" means the database of Issue Items maintained in Business Online Banking. The information in the database is updated by the Customer using either manual, single item entry or by uploading multiple Issue Items in an Issue Item File.
- i. "Issue Item File" means a data file containing Issue Item Information provided by the Customer to the Bank regarding Issue Items for the Authorized Account. The file must be submitted in a format approved by the Bank.
- j. "Issue Item Information" means specific, unique information on a check that is used to match a Presented Check to an Issue Item contained in the Issue Item Database.
- k. "Daily Decision Cutoff Time" means the deadline each Banking Day that the Customer must submit its Pay/No Pay Decisions for Exception Items.
- l. "Matching Item" means a positive match of a Presented Check and an Issue Item in the Issue Item Database.

- m. "Positive Pay Exception Manager" means the component of Business Online Banking that reports outstanding Check Exceptions and allows the Customer to make Pay/No Pay Decisions. It is currently found on the ARP/Positive Pay tab within Online Banking.
- n. "Presented Check" means a check drawn on an Authorized Account and presented to the Bank for payment through the Bank's check collection system.
- o. "Pay/No Pay Decision" means an instruction presented by the Customer to the Bank directing the Bank to either pay or not pay any Exception Item.
- p. "U.C.C." means the Uniform Commercial Code as in effect in Texas as codified in Title 1 of the Texas Business and Commerce Code.
- q. "Business Online Banking" means the Bank's online commercial banking system and its respective components.

2. POSITIVE PAY SERVICES

2.1 Positive Pay. Customer agrees to provide to Bank the required Issue Item Information for each check issued. Each Banking Day, the Bank will compare each Presented Check to the Issue Items contained in the Issue Item Database. Matching Items will be paid following normal Bank processing. Any non-Matching Items will be presented as Check Exceptions to the Customer through the Positive Pay Exception Manager. The Customer must review any Check Exceptions and submit Pay/No-Pay Decisions by the required Daily Decision Cut-Off Time. Unless the Customer specifies otherwise using the Positive Pay system, at the Daily Decision Cut-off Time, all Check Exceptions without a Pay/No-Pay Decision will be paid by Bank.

2.2 Check Stock Verification

- a. The Customer shall submit to the Bank a sample of completed Checks for verification on Bank's systems. The Customer is responsible for ensuring that this verification is received any time the Customer updates its check printing system or chooses a new check vendor. The Bank may in its sole discretion terminate this Positive Pay Agreement without notice if at any time, the customer's checks fail the Bank's verification systems and after notification by the Bank, Customer does not correct this problem within a reasonable time.

2.3 Issue Item Information. Each day that the Customer writes checks, the Customer must update the Issue Item Database before the actual issuance of checks to named payees by manually entering Issue Items or uploading an Issue Item File. Customer is solely responsible for the Issue Item Information provided. The Bank is under no obligation to identify errors in the Issue Item Information and has no liability for paying or not paying checks based on the information provided.

- a. **Positive Pay.** For this service, the (i) Authorized Account Number; (ii) Item serial number (check number); (iii) dollar amount of the Item; and (iv) Item issuance date is required. Optionally, the type of account (checking or savings) may be provided.
- b. The Customer shall provide the Issue Item Information to the Bank through Business Online Banking using manual input or by uploading an Issue Item File using a file format approved by the Bank.
- c. The Issue Item Information transmitted to the Bank constitutes the authorized signature of the Customer for purposes of determining whether a check is properly payable. The Customer expressly warrants that all checks that match the Issue Item Information in the Issue Item Database are properly payable.

2.4 Check Exception Decisions. All Check Exceptions require the Customer to make a Pay/No Pay Decision and the Bank will take the following actions based on that decision.

- a. **Pay Decision.** If a Customer authorizes a Pay Decision for a Check Exception, the Presented Check will be paid following normal Bank processing.
- b. **No Pay Decision.** If the Customer authorized a Return Decision for a Check Exception, the Presented Check will be Dishonored and returned following normal Bank processing.

2.5 Auto Exception Decisioning. At the Daily Decision Cutoff Time, the Bank will process all Check Exceptions WITHOUT a Pay/No Pay Decision by the Customer as authorized by the Customer's Auto Exception Decisioning Rule for each Authorized Account.

- a. **Return Default.** If the Customer has selected the Return default option, the Bank will return any Check Exception drawn on an Authorized Account.
- b. **Pay Default.** If the Customer has selected the Pay default option, the Bank will pay any Check Exception drawn on the Authorized Account.
- c. If customer has not set an Auto Exception Decision Rule, Bank will pay Check Exception Items.

2.6 Checks Presented at a Lone Star National Bank Branch. Checks presented for immediate payment at a Bank branch location will process through the Bank's teller positive pay system. A Presented Check that matches Issue Item Information in the Issue Item Database will be paid following normal bank processing. A Presented Check that does not match Issue Item Information in the Issue Item Database will be flagged as a Check Exception. The Bank will contact Customer authorized personnel for paying instructions for the Check Exception. In the event the Bank cannot reach Customer authorized personnel for instructions, Bank may return or refuse to pay the Check Exception. Customer agrees to indemnify the Bank against any claim from a third party regarding a decision to either pay or not pay a check.

2.7 Dishonor of Exception Items. All Check Exceptions with a decision to Return whether directly decided by the Customer or indirectly by the Auto Exception Decision Rule will be returned by the Bank to the depository bank with the reason code "Refer to Maker".

2.8 Not a Substitution for Stop Payment. Positive Pay Services will not be used as a substitute for the Bank's Stop Payment Service. Customer agrees to follow the Bank's standard stop payment procedures if the Customer desires to return a check that was validly issued, and to delete such check from the Issue Item Database if the Positive Pay Service was selected. The use of this Positive Pay Service as a substitute for a stop payment order is strictly prohibited and the Bank reserves the right to charge the Bank's normal fee for issuing a Stop Payment Order then in effect.

2.9 Checks with Posting Errors. From time-to-time, the Bank may receive checks that contain posting errors from another financial institution. The Customer is responsible for notifying the Bank in circumstances when a check posting error is presented as a Check Exception.

2.10 Bank's Right to Return Checks. Nothing in this Positive Pay Agreement regarding the Positive Pay Services will limit the Bank's right to return any matching or other Presented Check that you authorized us to pay under the Positive Pay Services, if the Bank determines in its sole discretion that the Presented Check is not properly payable for any reason (without the Bank's agreeing to, or being required to make such determination in any circumstance) or that there are insufficient collected and available funds in the Authorized Account to pay it. Each Presented Check the Bank returns in accordance with the Positive Pay Agreement will be deemed not to be properly payable.

2.11 Customer and Bank Communications.

- a. The Bank shall use only Issue Item Information submitted through Business Online Banking.
- b. The Customer shall use only the Check Exception information provided in Business Online Banking. The Bank shall not be obligated to comply with any Return Request received in a format or medium, after a deadline, or at a place not permitted under this Positive Pay Agreement but may instead treat such a Pay/Return Request as though it had not been received.
- c. The Bank is not responsible for detecting any Customer error contained in any Issue Item Information or Pay/No Pay Decision submitted by the Customer to the Bank. Any communication purporting to have been sent by the Customer will be deemed to have been sent and authorized by the Customer, and the Bank is authorized by the Customer to act in reliance thereon, even though the communication was unauthorized.
- d. The Customer is responsible for providing accurate electronic addresses and telephone numbers for communication in connection with transactions contemplated in this Positive Pay Agreement.

3. REMEDIES

3.1 U.C.C. Liability. To the extent applicable, the liability provisions of U.C.C. Articles 3 and 4 shall govern this Positive Pay Agreement, except as modified below.

3.2 Wrongful Honor. It shall constitute wrongful honor by the Bank if the Bank pays a Check Exception (a) in which the Customer issued a timely Pay/No Pay Decision instructing the Bank to Return said Check Exception or (b) the Customer selected the Return Auto Exception Decision and did not issue a timely Pay/No Pay Decision. In the event that there is wrongful honor:

- a. The Bank shall be liable to the Customer for the lesser of the amount of the wrongfully paid Check Exception or the Customer's actual damages resulting from the Bank's payment of the Check Exception.
- b. The Bank expressly waives any right it may have to assert that the Customer is liable for the amount of the wrongfully honored Check Exception on the grounds that the Check Exception was properly payable under U.C.C. section 4-401.
- c. The Bank retains the right to assert the Customer's failure to exercise reasonable care under U.C.C. sections 3-406(a) and 4-406(c). The Bank's wrongful honor shall however constitute a failure of the Bank to have exercised ordinary care under the Joss allocation provisions of U.C.C. sections 3-406(b) and 4-406(e).
- d. The Bank retains the right to assert the defense that the Customer has sustained no actual damages because the Bank's honor of the Check Exception discharged for value an indebtedness of the Customer.

3.3 Wrongful Dishonor. Except as provided below, it shall constitute wrongful dishonor by the Bank if the Bank dishonors a Check Exception (a) for which the Customer has issued a timely Pay/No Pay Decision instructing the Bank to Pay said Check Exception or (b) the Customer selected the Pay Auto Exception Decision and did not issue a timely Pay/No Pay Decision.

- a. The Bank's liability for wrongful dishonor of an Exception Item shall be limited to the damages for wrongful dishonor recoverable under U.C.C. Articles 3 and 4.
- b. Notwithstanding Section 3.2a and 3.3a, the Bank shall have no liability to the Customer for wrongful dishonor when the Bank, acting in good faith, returns an Exception Item:
 1. That it reasonably believed was not properly payable; or

2. If there are insufficient Available Funds on deposit in the Authorized Account; if required to do so by the service of legal process on the Bank; or the instructions of regulatory or government authorities or courts.

3.4 Rightful Payment and Dishonor. Except as provided in Section 3.5:

- a. If the Bank honors a Check Exception in accordance with Section 2.1, 2.4, 2.5, and 2.6, such honor shall be rightful, and the Customer waives any right it may have to assert that the Exception Item was not properly payable under U.C.C. section 4-401.
- b. If the Bank dishonors a Check Exception in accordance with Section 2.1, 2.4, 2.5, 2.6, and 2.7, the dishonor shall be rightful, and the Customer waives any right it may have to assert that the dishonor was wrongful under U.C.C. section 4-402.
- c. The Customer agrees that the Bank exercises ordinary care whenever it rightfully pays or returns a Check Exception consistent with the provisions of the Positive Pay Agreement.

3.5 Faulty Information. The Bank shall not be liable for any losses, other than consequential damages, proximately caused by its honor of a check that was not properly payable, or its dishonor of a check that was properly payable, if the honor or dishonor occurred because the Bank acts, in accordance with the provisions of Section 2.1, 2.4, 2.5, 2.6, and 2.7 of this Positive Pay Agreement:

- a. If the Bank honors a Check Exception in accordance with Section 2.1, 2.4, 2.5, and 2.6, such honor shall be rightful, and the Customer waives any right it may have to assert that the Check Exception was not properly payable under U.C.C. section 4-401;
- b. If the Bank should have shown the check as a Check Exception but failed to do so; or,
- c. If the Bank showed the check as a Check Exception but referenced the wrong check number, unless the Bank provided the Customer with timely information that disclosed the error.

3.6 Assignment. To the extent that the Customer suffers a loss under this Positive Pay Agreement, the Bank assigns to the Customer any claim that the Bank would have against a depository or collecting bank to recover the loss, including any claim of breach of warranty under U.C.C. sections 4-207, 4-208, and 4-209.

4. SECURITY CONTROLS

The Security Controls described in the Schedules to this Positive Pay Agreement will be used by the Bank for purpose of establishing this service.

5. CUSTOMER SECURITY PROCEDURES

Customer is solely responsible for its own internal security and its own internal procedures to assure the confidentiality of the Security Controls and information described in Section 4, as well as Customer's own internal security procedures, security devices, and codes, assumes all risk of accidental disclosure or inadvertent use of any such information or security procedures by any party whatsoever, whether such disclosure or use is on account of Customer's negligent or deliberate acts or otherwise. Customer shall implement and maintain appropriate internal security procedures and features to maintain information security and safeguard against unauthorized transactions, including, but not limited to:

- a. Physical security and access control;
- b. Credential security;
- c. User access that incorporates controls such as segregation of duties;
- d. Workstation security standards, such as operating system hardening guidelines;

- e. Antivirus and anti-spyware controls, firewall controls, restricted use guidelines to prevent exposure to such threats, etc.;
- f. Network security standards such as network architecture, perimeter protection, firewalls, intrusion detection, etc.;
- g. Closely and regularly monitor the activities of its personnel and representatives who have access to the Positive Pay Services or otherwise have access to, or responsibility for, Customer's banking records, banking information, accounting systems, check stock and signature stamp (if applicable);
- h. Incident reporting requirements to ensure Lone Star National Bank is properly informed so that the Bank can implement its incident response plan to help quickly contain the damage and minimize losses;
- i. Appropriate disaster recovery and business continuity plans and periodic testing of these plans; and
- j. Warranties that Customer will not expose, introduce, or otherwise transfer in any fashion, any virus, worm, Trojan, spyware, malware, or other malicious code to Customer's or service provider's systems.

Customer shall periodically update its internal security procedures to address new fraud threats to which Customer may become exposed. Customer shall be solely responsible for, and shall indemnify, defend, and hold Lone Star National Bank harmless from and against, any Loss arising from any Virus, data, or code transmitted from Customer's or its Servicer's systems to Lone Star National Bank systems through its use of the Positive Pay Services or the Bank's systems.

Schedule P-1

Positive Pay Resolution & Designation of Authorized Individuals

Customer hereby certifies the following:

I/We, the undersigned, hereby certify the following:

- 1. Authorized Accounts.** The Customer represents and warrants that the below-listed accounts held with Lone Star National Bank ("Bank") are owned entirely by the within-named Customer, and are hereby authorized to be charged as instructed by the Customer for Positive Pay and provided with the Positive Pay Services:

#	Account Number	Account Title
1		
2		
3		
4		

- 2. Authorized Individuals.** The following person(s) is(are) hereby authorized to make the decisions on whether to pay or return the items on the Exceptions Report. CUSTOMER AND BANK AGREE THAT THIS SCHEDULE P-1 REPLACES AND SUPERSEDES ANY PREVIOUS AUTHORIZATION(S) PROVIDED TO BANK.

Allow Account(s) from list above Example (1&3)	Authorized Individual Name	Phone Number	Email Address

3. Deadlines.

- The Check Issue Data Cutoff Time is 2:00p.m. CST. Customer shall deliver the Check Issue Data to Bank for the checks to be posted that day by 2:00p.m. CST.
- The Bank shall provide the Exception Report for the previous day's data by 7:00a.m. CST.
- The Decision Deadline is 11:00a.m. CST. The Customer shall submit all pay or no pay decisions for the day by 11:00a.m. CST.

- 4. Security Controls.** The following Security Controls will be used by the Bank for purpose of establishing this service:

- Customer must provide valid user ID and password login credentials to access the Positive Pay Exception Manager and to submit Check Issue Item Files to Bank.

- b. Customer shall submit to the Bank a sample of the data file containing Issue Item Information provided by the Customer to the Bank regarding Issue Items for the Authorized Account ("Issue Item File"). The file must be in a format approved by the Bank. The Bank reserves the right to request edits to the file layout.
- c. Customer agrees that the Issue Item File will be submitted through Business Online Banking and all Issue Item Information contained thereon, shall conclusively be deemed to be authorized by Customer.
- d. Customer may manually enter Issue Item information through Business Online Banking. This information will become immediately effective upon submittal to the Bank through Business Online Banking.
- e. Customer will be responsible for reviewing the Positive Pay Exception Manager (included in Business Online Banking) for any Check Exceptions DAILY and make any necessary Pay/No Pay Decisions by the Daily Decision Cutoff Time.
- f. Any Check Exceptions without Customer Pay/No Pay Decisions will be decisioned based on the Auto Exception Decision Rule (default disposition) assigned to the Authorized Account.
- g. The Customer agrees to prevent any disclosure of these Security Controls.
- h. The Customer agrees to take all steps within its control to keep these procedures confidential and effective to prevent unauthorized transactions.
- i. The Bank and the Customer agree not to allow an exception to these security procedures unless an amendment is agreed to in writing.
- j. The Customer agrees to notify the Bank immediately if the security or confidentiality of the procedures is breached or compromised in anyway.
- k. Bank may, from time to time, amend the procedures in this Positive Pay Agreement with 30 days' written notice to Customer.

5. Facsimile Signature. Customer further authorizes and directs Bank to honor as genuine and authorized any facsimile signature or signatures of any of the persons named herein and that Customer assumes full responsibility for any and all actions taken by Bank in reliance upon the facsimile signature of any person or persons named herein and agrees to hold harmless and indemnify Bank against any and all loss, costs, damages or expenses suffered or incurred by Bank arising out of the use, misuse or unlawful or unauthorized use by any person of such facsimile signature.

6. Representations and Warranties. Customer hereby represents and warrants to Bank that the names of the Authorized Individuals, the account numbers, and all other information stated on this Schedule P-1 is authorized and correct. If at any time Customer wishes to change any of the information provided on Schedule P-1, Customer will submit a new Schedule P-1 to Bank. Each Schedule P-1 will supersede all previous Schedule P-1 s.

[Signature Page Follows]

Company/Customer Name:

Lone Star National Bank

By:

*Customer's Authorized Signature
from Schedule B*

By:

Bank Officer's Authorized Signature

Name:

Name:

Date:

Date:

BILL PAY AGREEMENT

Customer may use Bill Pay to direct Lone Star National Bank ("Bank") to make payments from Customer's designated checking account to the "Payees" you choose in accordance with this agreement. The terms and conditions of this Bill Pay Agreement ("Bill Pay Agreement") are in addition to Customer's account agreements with bank, the Treasury Management Services Agreement, and other documents in effect from time to time governing Customer's account ("Account Rules"). In the event of a conflict between this Bill Pay Agreement and the Treasury Management Services Agreement, this Bill Pay Agreement will control but only to the extent there is any inconsistency.

"Payee" means any person, including the Bank, Customer designates and the Bank accepts as a "Payee".

1. The Bill Pay Process.

Single Payments - a single payment will be processed on the business day (generally Monday through Friday, except legal bank holidays) that Customer designates as the payment's process date, provided the payment is submitted prior to the daily cut-off time on that date. The daily cut-off time, which is controlled by the Bank, is currently 2:30 PM CST.

A single payment submitted after the cut-off time on the designated process date will be processed on the next business day. If Customer designates a non-business day (generally weekends and legal bank holidays) as the payment's process date, the payment will be processed on the first business day following the designated process date.

Bill payments may be processed by Electronic Fund Transfer ("EFT").

2. Recurring Payments.

Customer may schedule recurring payments on a monthly, bi-weekly, or other periodic basis. Following each scheduled payment, the system schedules a subsequent recurring payment. The system schedules a subsequent process date based upon the Customer's payment frequency setting. If the calculated process date is not a business day (generally weekends and legal bank holidays), the payment will be processed on the following business day.

Where Customer's schedules the 29th, 30th, or 31st day of the month as the processing date for recurring payments and where that day does not exist in a subsequent month, the calculated process date will be the last calendar day of that month.

3. Arrival Date.

The system will calculate the Estimated Arrival Date of Customer's payment. This is only an estimate. Please allow ample time for Customer's payments to reach Customer's "Payees".

4. Cancelling a Payment.

A bill payment can be changed or cancelled any time prior to the cutoff time on the scheduled process date.

5. Available Funds

Customer must specify an account from which a bill payment must be made. Customer agrees to have available and collected funds on deposit in the designated account sufficient to pay for all bill payments Customer requests as well as any other payment obligations Customer has to the Bank.

The Bank reserves the right, without liability, to reject or reverse a bill payment if Customer fails to comply with the above requirement or any other term of this agreement. If Customer does not have sufficient funds in the account and the Bank has not exercised its right to reverse or reject a bill payment, Customer agrees to pay for such payment obligations on demand. Customer further agrees that Bank, at its option, may charge any of Customer's accounts with the Bank to cover any payment obligations arising under this Bill Pay Agreement. The Bank reserves the right to change the cut-off time. Customer will receive notice if the cut-off time changes.

6. Payment Methods and Amounts

There are limits on the amount of money or payments you can send or receive through our Bill Pay Service. We or our Service Providers may adjust your limits from time-to-time at our sole discretion. We may refuse to process a payment if it exceeds the limit. We also reserve the right, in our sole discretion, to select the method in which to remit funds on your behalf through the Bill Pay Service, and in the event that your Eligible Transaction Account is closed or otherwise unavailable to us the method to return funds to you. These payment methods may include, but may not be limited to, an electronic or paper check or draft payment.

7. Biller Limitation

The Bill Pay Service reserves the right to refuse to pay any Biller to whom you may direct a payment. The Bill Pay Service will notify you promptly if it decides to refuse to pay a Biller designated by you.

8. Liability

Customer is solely responsible for controlling the safekeeping of and access to Customer's User I.D. and Password. If Customer gives another person Customer's User I.D. and Password and wants to prevent access to Customer's account and bill payment services, Customer must notify Bank and arrange to change Customer's Password. Bank may honor, and Customer will be responsible for any bill payment request submitted using Customer's User I.D. and Password. Any bill payment request submitted using Customer's User I.D. and Password will be deemed authorized by Customer. Customer will be responsible for any bill payment request Customer makes that contains an error or is a duplicate of another bill payment.

The Bank is not responsible for a bill payment that is not made if Customer did not properly follow the instructions for making a bill payment. The Bank is not liable for any failure to make a bill payment if Customer fails to promptly notify the Bank after learning that it has not received credit from a "Payee" for a bill payment. The Bank is not responsible for Customer's acts or omissions or those of any other person, including, without limitation, any transmission or communications facility, and no such party shall be deemed to be the Bank's agent.

In any event, the Bank will not be liable for any special, consequential, incidental, or punitive losses, damages, or expenses that arise in connection with this agreement or the service, even if the Bank has knowledge of the possibility of them. The Bank is not liable for any act, failure to act or delay in acting if it is caused, in whole or in part, by any cause beyond the Bank's reasonable control.

In addition, the Bank is not liable for any of Customer's losses or damages caused by the following circumstances:

- If Customer does not have sufficient funds in my account to make the bill payment on the date a Payment is scheduled to be sent.
- If Customer does not allow adequate time between the date a bill payment is scheduled to be sent and the due date for Customer's bill payment.
- For the failure of any bill payment Payee to correctly account for or credit the bill payment in a timely manner.
- For any bill payment that contains an error with regard to the identifying information of the Payee, including the refusal of any such unintended payee to return any funds transferred as a result of such error.
- For changes to a third party's account name or number or other identifying information if funds are being transferred to the account of that third party.
- If Bank has placed a "hold" on any funds in the Deposit Account(s) in accordance with Bank's rights under applicable laws or any other agreements between Bank and Customer.
- If a court order, such as garnishment or other legal process, prevents Bank from making a transfer.
- If Bank has a reasonable basis for believing that Customer knows or should know that unauthorized use of its User I.D. or Password has occurred or may be occurring.
- If Customer defaults under this Agreement, deposit account agreement, a credit agreement, or any other agreement with Bank.
- If Bank or Customer terminates this Agreement.
- For any other circumstances beyond the control of Bank that prevented the bill payment, including but not limited to circumstances such as telecommunications outages, power outages, equipment failures, postal strikes, delays caused by other Banks, fires and floods.

9. Amendment and Termination

The Bank has the right to change this agreement at any time by notice mailed to Customer at the last address shown for the account on the Bank's records, to Customer's email address, or as otherwise permitted by law. The Bank is not responsible for any fixed payment made before the Bank has a reasonable opportunity to act on Customer's termination notice. Customer remains obligated for any payments made by the Bank on Customer's behalf.

10. Consumer Accounts

For consumer accounts only, please refer to your Electronic Funds Transfer notice, your Deposit Account Agreement, and other account disclosures for additional information and consumer customer rights regarding errors and unauthorized transfers using electronic funds transfers. For further information about our privacy practices, please see our consumer privacy policy. A copy of these notices will be provided upon Customer's request.

[Signature Page Follows]

Company/Customer Name:

Lone Star National Bank

By: _____
*Customer's Authorized Signature
from Schedule B*

By: _____
Bank Officer's Authorized Signature

Name: _____

Name: _____

Date: _____

Date: _____

OFFICE BANKER REMOTE DEPOSIT COMPLETE AGREEMENT

1. SERVICE

Customer subscribes to, and Lone Star National Bank (the "Bank") agrees to provide, as part of its banking services, the Remote Deposit Complete Services ("Office Banker"). The Remote Deposit Complete Services enable Customer to submit to the Bank, for deposit to Customer's account(s) listed in Schedule RDC-1, as amended periodically, electronic check images and associated information ("Check Images") in lieu of the original checks from which such check images were obtained. The generated check image will be the legal equivalent of the original check and shall be construed to a legal equivalent of the original check and as an item under the Uniform Commercial Code, Regulation CC, and other relevant laws and regulations. The dollar amount, as well as the amount of deposit transactions transmitted by Customer on any single business day, shall not exceed limits set forth in Schedule RDC-1 for each account, as determined by Bank. Schedules RDC-1 and RDC-2 are incorporated in and made a part of this Remote Deposit Complete Agreement for all intents and purposes. The Service and any activity related to the service must take place wholly within the United States of America. The Service may not be used to remotely deposit checks in a location outside the United States of America.

2. EQUIPMENT

In order to use the Remote Deposit Complete Services, Customer is required to obtain and use certain equipment, computer software, office equipment and telecommunication services as Bank may provide or specify from time to time. Customer agrees that the equipment may not be used to make deposits at another financial institution. Customer is solely responsible for the operation, performance, and adequacy of the equipment, software, and services. Bank makes no representations or warranties and has no responsibility or liability for such equipment, software, or services even if specified as necessary by Bank. Customer agrees to complete any changes and/or upgrades to the system as required by the Bank within thirty (30) days of such request.

If the Bank provides any software to Customer in connection with the Remote Deposit Complete Services, Customer may use that software on any Customer owned & operated machine. The software may not be provided to any agent of Customer without the prior written consent of Bank. The release of software to agent will be dependent upon the agent's agreement to contractual terms deemed acceptable by the Bank. Customer is solely responsible for maintaining adequate security software within the computer systems used to access Remote Deposit Complete Services.

3. TRANSMITTAL OF ENTRIES BY CUSTOMER

Customer shall submit check images to the Bank in such format, and with such associated check information, as the Bank may require periodically, utilizing Accredited Standards Committee X9's Specifications for Electronic exchange of Check and Image Data (DSTU X9.37-2003) or the then current standards used for service of this type. Customer agrees to inspect and verify the quality of the Check Images, ensuring that the Check Images of the front and back of the original check are legible. Specifically, Customer warrants the following: (i) the Check Image is an accurate representation of the information contained in the original check, and the Check image includes all endorsements from the original check; (ii) each Check Image contains a record of all MICR line information required for a substitute check, and the Check Image satisfies all of the requirements of Check 21 and Regulation CC; (iii) the original check, a duplicate check image, or any copy of the original check or Check Image will not be deposited by Customer with the Bank; and (iv) the original check, a duplicate check image, or any copy of the original check or Check Image will not be presented, transferred or returned such that the Bank or any other person will be asked to make a payment based on a check or Check Image that has already been paid. Pursuant to the Deposit Account Agreement, Bank reserves the right to reject any single check image or group of check images for any reason, before or after it/they appear on Bank's system. Bank is

not liable for any loss or failure to collect a Check Image that results from an inaccurate or illegible Check Image or failure to provide full and correct MICR, date, or dollar amount for a Check Image.

Customer agrees to submit only valid, legal check images for deposit through Remote Deposit Complete. Customer agrees not to use the Remote Deposit Services to deposit or otherwise process: (i) non-cash items, (ii) items for which the Customer is not a holder in due course, or (iii) substitute checks, except those which have been returned to Customer for any reason.

4. SECURITY PROCEDURES

- (a) Customer and Bank shall comply with the security protocol requirements described in Schedule RDC-1 attached hereto with respect to deposits transmitted by Customer to Bank. Customer acknowledges that the purpose of such security procedure is for verification of authenticity and not to detect errors in transmission or content of a deposit. No security procedure for the detection of any such error has been established between Bank and Customer.
- (b) If a deposit received by Bank has been or purports to have been transmitted or authorized by Customer, it will be deemed effective as Customer's deposit and Customer shall be obligated to Bank for the amount of the deposit. In the event the deposit was not authorized by Customer, Customer will be liable for the amount of the deposit, provided Bank accepted the deposit in good faith and acted in compliance with the security procedures referred to in Schedule RDC-1 with respect to such deposit.
- (c) If a deposit received by Bank is erroneous in any manner and was transmitted or authorized by Customer, Customer shall reimburse Bank the amount of the deposit, whether or not Bank complied with the security procedures referred to in Schedule RDC-1 with respect to that deposit, and whether or not the error would have been detected if Bank had complied with such procedure. Reimbursement may be accomplished by Bank initiating a chargeback to the Customer's account identified in Schedule RDC-1.
- (d) Customer is strictly responsible to establish and maintain the security protocol to safeguard against unauthorized transmissions. Customer warrants and guarantees that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards. System administrator is solely responsible for setting up additional users and is responsible for insuring that they are trained and fully qualified users. Customer also agrees to maintain confidentiality of the security procedures and any login credentials, passwords, codes, security devices, and related instructions provided by the Bank in connection with the security procedures described in Schedule RDC-1 for the access rights granted under Schedule RDC-1.

5. NOTIFICATION OF BREACH

If Customer believes or suspects that any login credentials or information regarding the security procedures are known or have been accessed by unauthorized persons, Customer agrees to immediately notify Bank through email, fax, or telephone by contacting any of the people identified in Schedule RDC-1. Any unauthorized access will not affect any transactions processed in good faith by Bank as a result of a deposit made by Customer prior to receipt of such notification and within a reasonable time period to prevent unauthorized transfers.

6. RIGHT TO INSPECT AND/OR AUDIT RECORDS

Customer agrees to have in place and in effect such software, procedures, and systems as comply with security best practices for transmission of sensitive data. These shall include at a minimum, appropriate and updated versions of firewalls, anti-virus programs, spyware detection, anti-phishing and mal-ware programs. Customer

agrees to ensure that all software upgrades and system patches will be installed in a timely manner. Bank reserves the right to conduct an on-site inspection and audit the Customer's Remote Deposit Complete records and operations.

Lone Star shall be entitled to conduct an audit of the process and the records including an inspection of the hardware and review of the web-based software relating to the check capture process, procedures, check retention, documentation transactions and other aspects of this relationship. Lone Star may also inspect the records and retained checks to assure that the checks once imaged are appropriately destroyed in accordance with the record retention provision contained herein and prior to destruction are secured in an acceptable storage facility in order to prevent redeposit of the same scanned checks or misuse of such checks for counterfeit or other illegal purposes.

7. RECORDING AND USE OF COMMUNICATIONS

Customer and Bank agree that all telephone conversations, emails, or other forms of data transmissions between them or their agents, made in connection with this Supplemental Agreement, may be electronically recorded and retained by either party by use of reasonable means.

8. PROCESSING, TRANSMITTAL, AND SETTLEMENT BY BANK

(a) Except as provided in Section 9, Rejection of Entries or Deposits, Bank shall (I) process deposits received from Customer, (II) transmit such deposits to the Bank's correspondent bank, (III) settle for such deposits as provided by Bank in the procedures listed in Schedule RDC-1.

(b) Bank shall transmit or complete the necessary batch authorization of such deposits by the delivery date deadline of the deposits as set forth in Schedule RDC-1 attached hereto prior to the effective entry date provided (I) such deposits are received by Bank's related cut-off time on a business day as set forth on Schedule RDC-1, (II) the effective entry date is the same business day, and (III) the correspondent bank is open for business on such business day. For purposes of this Supplemental Agreement, (i) a "business day" is a day on which Bank is open to the public for carrying on substantially all of its business (other than a Saturday or Sunday), and (ii) entries or deposits shall be deemed received by Bank in the case of transmittal by electronic transmission, when the transmission (and compliance with any related security procedure provided for herein) is completed as provided in Schedule RDC-1.

(c) If any of the requirements of clause (I), (II), or (III) of Section 8(b) are not met, Bank shall use reasonable efforts to transmit such deposits to the correspondent bank by the next deposit deadline of the correspondent bank following that specified in Schedule RDC-1 which is a business day and a day on which the correspondent bank is open for business.

(d) The cut-off time specified in Schedule RDC-1 shall prevail over the Bank's funds availability schedule cut-off time.

9. REJECTION OF ENTRIES OR DEPOSITS

Bank may reject any entry which does not comply with the requirements set forth in Section 3, Transmittal of Entries by Customer, or Section 4, Security Procedures. Bank may reject any entry if Customer has failed to comply with its account balance obligations under Section 13, The Account. Bank may reject any deposit of Customer that does not adhere to security procedures as described in Schedule RDC-1. Bank shall notify Customer by phone or electronic transmission, including email and fax, of such rejection no later than the business day such deposit would otherwise have been transmitted by Bank to the correspondent bank.

Notices of rejection shall be effective when given. Bank shall have no liability to Customer by reason of the rejection of any such deposit or the fact that such notice is not given at an earlier time than that provided for herein.

10. CANCELLATION OR AMENDMENT BY CUSTOMER

Customer shall have no right to cancel or amend any deposit after its receipt by Bank. However, if such request complies with the security procedures, Bank shall use reasonable efforts to act on a request by Customer for cancellation of a deposit prior to transmitting it to the correspondent bank, but shall have no liability if such cancellation is not implemented. Customer shall reimburse Bank for any expenses, losses, or damages Bank may incur in implementing or attempting to implement Customer's request for the reversal of a deposit.

11. NOTICE OF RETURNED ENTRIES

Bank shall notify Customer by phone or electronic transmission, including email and fax, of the receipt of a returned deposit from the correspondent bank no later than one business day after the business day of such receipt.

Except for an entry retransmitted by Customer in accordance with the requirements of Section 3, Transmittal of Entries by Customer, Bank shall have no obligation to retransmit or re-present a returned deposit to the correspondent bank if Bank complied with the terms of this Supplemental Agreement with respect to the original deposit. Bank may return items to Customer through transmission of an Image Replacement Document ("IRD").

12. PAYMENT BY CUSTOMER FOR RETURNED DEPOSITS

Customer shall pay Bank the amount of each returned deposit transmitted by Bank pursuant to this Supplemental Agreement at such time specified on Schedule RDC-1.

13. THE ACCOUNT: OFFSET RIGHTS

Bank may, without prior notice or demand, obtain payment of any account due and payable to it under this Supplemental Agreement by debiting the account(s) of Customer identified in Schedule RDC-1 attached hereto (the "Account"), and shall credit or debit the Account for any amount received by Bank by reason of the return of a deposit transmitted by Bank for which Bank has previously received payment or credit from Customer. Such credit or debit shall be made as of the day of such receipt by Bank.

Customer shall at all times maintain a balance of available funds in the account sufficient to cover any payment obligations under this Supplemental Agreement. In the event there are not sufficient available funds in the account to cover Customer's obligations under this Supplemental Agreement, Customer agrees that Bank may debit any account maintained by Customer with Bank or any affiliate of Bank or that Bank may off set against any amount it owes to Customer, in order to obtain payment of Customer's obligations under this Supplemental Agreement.

14. ACCOUNT RECONCILIATION

Deposits transmitted by Bank will be reflected as part of Customer's transaction activity, through online access via the Bank's internet banking system, with respect to the account pursuant to the Deposit Account Agreement between Bank and Customer. Customer agrees to notify Bank promptly of any discrepancy between Customer's records and the information shown as account history, online, or on a periodic statement. If Customer fails to notify Bank of any discrepancy after the account statement containing such discrepancy is mailed or otherwise made available to Customer, Customer agrees that Bank shall not be liable for any losses resulting from Customer's failure to give such notice or any loss of interest or any interest equivalent with respect to any deposit shown as transaction activity and shall be precluded from asserting such discrepancy against Bank. (See Deposit Account Agreement)

15. CUSTOMER REPRESENTATIONS AND AGREEMENTS; INDEMNITY

With respect to each and every deposit initiated by Customer, Customer represents and warrants to Bank and agrees that to the best of Customer's knowledge (a) each deposit is made payable to the Customer (b) any necessary authorization is operative at the time of transmittal or crediting/debiting by Bank as provided herein, and (c) Customer shall perform its obligations under this Supplemental Agreement in accordance with all applicable laws and regulations, including, but not limited to, the Bank Secrecy Act and the sanctions laws administered by OFAC. Customer warrants that it will not deposit any prohibited items. Customer represents and warrants that the imaging and remote capture process shall be monitored to assure that the system cannot be used for illicit activities including, but not limited to, processing of counterfeit or other fraudulent checks or any activities that would facilitate money laundering.

Customer shall indemnify Bank against any loss, liability, or expense (including attorney's fees and expenses) resulting from or arising out of any breach of any of the foregoing representations or agreements.

16. BANK RESPONSIBILITIES; LIABILITY; LIMITATIONS ON LIABILITY; INDEMNITY

(a) In the performance of the services required by this Supplemental Agreement, Bank shall be entitled to rely solely on the information, representations, and warranties provided by Customer pursuant to this Supplemental Agreement, and shall not be responsible for the accuracy or completeness thereof. Bank shall be responsible only for performing the services expressly provided for in this Supplemental Agreement, and shall be liable only for its negligence or willful misconduct in performing those services.

Bank shall not be responsible for Customer's acts or omissions (including without limitation the amount, accuracy, timeliness of transmittal or authorization of any deposit received from Customer) or those of any other person, including without limitation any correspondent bank, or transmission or communications facility, and no such person shall be deemed Bank's agent.

Customer agrees to indemnify Bank against any loss, liability, or expense (including attorney's fees and expenses) resulting from or arising out of any claim of any person that the Bank is responsible for any act or omission of Customer or any other person described in this Section 16(a).

(b) Bank shall be liable only for Customer's actual damage; **in no event shall Bank be liable for any consequential, special, incidental, punitive, or indirect loss or damage which Customer may incur or suffer in connection with this agreement**, whether or not the likelihood of such damages was known or contemplated by the Bank and regardless of the legal or equitable theory of liability which Customer may assert, including, without limitation, loss or damage from subsequent wrongful dishonor resulting from Bank's acts or omissions pursuant to this Supplemental Agreement.

Liability shall not exceed the sum of the amount of any loss suffered by the Customer as a result of a breach of warranties under Regulation CC (12 CFR Part 229) up to the amount of any substitute check, interest and expenses (including cost and reasonable attorney fees and other expenses of presentation) related to the substitute check reduced by any amount that the Customer receives and retains as a re-credit. Furthermore, such liability shall be further reduced by the amount of any damages incurred as a result of the negligence or bad faith of the Customer.

(c) Without limiting the generality of the foregoing provisions, Bank shall be excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission of communication facilities, equipment failure, war, emergency conditions, or other circumstances beyond Bank's control. In addition, Bank shall be excused from failing to transmit or delay in transmitting a deposit if such transmittal

would result in Bank's having exceeded any limitation upon its intra-day net funds position established pursuant to present or future correspondent bank or correspondent bank guidelines or in Bank's reasonable judgment otherwise violating any provision of any present or future risk control program of the Federal Reserve or any rule or regulation of any other U.S. governmental regulatory authority. In such event, Customer shall be responsible for having a contingency plan in place including temporarily depositing original, paper items at any branch facility of the Bank.

(d) Subject to the foregoing limitations, Bank's liability for loss of interest resulting from its error or delay shall be calculated by using a rate equal to the average Federal Funds rate at the Federal Reserve Bank of Dallas for the period involved. At Bank's option, payment of such interest may be made by crediting the account resulting from or arising out of any claim of any person that Bank is responsible for any act or omission of Customer or any other person described in Section 16(a).

17. PAYMENT FOR SERVICES

Customer shall pay Bank the charges for the services provided in connection with this Supplemental Agreement, as set forth in the Bank's Fee Schedule. All fees and services are subject to change upon thirty calendar days prior written notice from Bank to Customer. Such charges do not include, and Customer shall be responsible for payment of, any sales, use, excise, value added, utility, or other similar taxes relating to such services, and any fees or charges provided for in the agreement between Bank and Customer with respect to the account (the "Account Agreement").

18. DATA RETENTION

Customer shall retain physical checks that represent the deposit for at least forty-five (45) days following the date of their transmittal to Bank and agrees to make the originals available to Bank for fraud control purposes. Customer is responsible for destroying all physical checks deposited through the Remote Deposit Complete Services within a maximum of 45 days. Customer shall be responsible for maintaining physical control over processed checks and agrees to indemnify and hold Bank harmless for any losses resulting from physical loss, whether by theft or otherwise, of any check.

19. RECORDS

All electronic media, security procedures, and related records used by Bank for transactions contemplated by this Supplemental Agreement shall be and remain Bank's property. Bank may, at its sole discretion, make available such information upon Customer's request. Any expense incurred by Bank in making such information available to Customer shall be paid by Customer.

20. CONSTRUCTION

In the event of any inconsistency between the terms of this Supplemental Agreement and the Account Agreement, the terms of this Supplemental Agreement shall govern. In the event performance of the services provided herein in accordance with the terms of this Supplemental Agreement would result in a violation of any present or future statute, regulation, or government policy to which Bank is subject, and which governs or affects the transactions contemplated by this Agreement, then this Supplemental Agreement shall be deemed amended to the extent necessary to comply with such statute, regulation, or policy, and Bank shall incur no liability to Customer as a result of such violation or amendment. No course of dealing between Bank and Customer will constitute a modification of this Supplemental Agreement or the security procedures or constitute an agreement between the Bank and Customer regardless of whatever practices and procedures Bank and Customer may use.

21. PROHIBITED TRANSACTIONS

Customer agrees not to use the MRDC Service to deposit or otherwise process: (i) non-cash items; (ii) items drawn on foreign banks or payable in other than U.S. money; (iii) items without preprinted magnetic ink routing

numbers; (iv) items for which customer is not a holder in due course; (v) Substitute Checks, except those which have been returned to customer for any reason; (vi) items payable to any person or entity other than customer (i.e. no third-party deposits); (vii) items that have been altered in any way, or which you know or suspect (or should know or suspect) are fraudulent or otherwise not authorized by the owner of the account on which the check or item is drawn; (viii) items dated more than six months prior to the date of deposit; (ix) items prohibited by Bank's current procedures relating to the Mobile Banking Services or which are not acceptable under the Agreement; (x) Original Checks or other items previously converted to a Substitute Check; (xi) checks or items that are Remotely Created Checks (as defined in Reg. CC); (xii) items payable to you jointly with one or more other persons, unless deposited into an account in the name of all payees; items containing forged maker signatures, forged indorser signatures, or any other type of forgery.

Schedule RDC-1 Office Banker User Enrollment Forms

OFFICE BANKER COMPANY INFORMATION:					
COMPANY NAME:					
BUSINESS NUMBER:					
ADDRESS:					
CITY:		STATE:		ZIP:	
INTERNAL USE ONLY	CIF:		MERCHANT ID:		

- 1. Authorized Accounts.** The Customer represents and warrants that the below-listed accounts held with Lone Star National Bank ("Bank") are owned entirely by the Customer, and are hereby authorized to be charged as instructed by the Customer for Office Banker remote deposit and related fees:

	ACCOUNT NUMBER	ACCOUNT NAME
1		
2		
3		
4		

- 2. Authorized Agents.** The following person(s) is(are) hereby authorized to initiate Office Banker remote deposit transactions on behalf of Customer. Customer understands and agrees that Bank shall dishonor any request for transfer not specifically authorized hereby. CUSTOMER AND BANK AGREE THAT THIS SCHEDULE RDC-1 REPLACES AND SUPERSEDES ANY PREVIOUS AUTHORIZATION(S) PROVIDED TO BANK.

Allow account #'s from list above Example (1 & 3)	CUSTOMER NAME (Authorized Agents)	CONTACT PHONE NUMBER	EMAIL ADDRESS

- 3. Transfer Limitations.** Notwithstanding the transfer limitations listed in the table above, in no event shall Customer be allowed to initiate or approve an Office Banker remote deposit batch or transaction exceeding the following limitations:

Max. Single Transaction (Per Check) Amount	Max Single Day Count	Max Single Day Amount
\$		\$

Customer may not initiate a single remote check deposit transaction exceeding the "Max. Single Transaction Amount" indicated above. Customer may not process and submit through Office Banker remote deposit in one day a number of items exceeding the "Max Single Day Count." Customer may not initiate through Office Banker remote deposit an aggregate dollar amount of transactions exceeding the "Max Single Day Amount."

4. Security Procedures.

An Authorized Agent must authenticate transactions by providing valid login credentials through the Office Banker software. Any batch or transaction submitted using an Authorized Agent's valid login credentials will be deemed to be that Authorized Agent and will be deemed to be authorized by Customer for submission and processing. Customer is responsible for maintaining the security of all login credentials and access to Office Banker software.

5. Bank Contact Information:

During Business Hours, please contact Customer Service: 1-800-580-0322 (7:30 a.m. – 6:30 p.m. Monday-Friday; 9:00 a.m. – 1:00 p.m. Saturday)

6. Customer Emergency Contact Information:

Name: _____
Phone Number: _____
Address: _____
City/State/Zip: _____
Fax Number: _____
Email: _____

7. Transaction Settlement Delivery Timeframes

All deposits utilizing Office Banker processing should be received by Lone Star National Bank prior to the end-of-day cutoff time which may be change by Lone Star National Bank during the term of this agreement. If the deposits are not received by the end-of-day cutoff time, Bank will not guarantee that deposits will be processed that day. Bank may accept these deposits and they will be forwarded to the correspondent bank no later than the Bank's next regularly scheduled delivery time.

The current end-of-day cutoff time is 9:00 pm., Central Standard Time.

8. Provisional Settlement Agreement

Bank shall give provisional credit as provided in this Schedule subject to revocation of credit for deposits as provided in Regulation CC and the Uniform Commercial Code as it applies to deposits.

[Signature Page Follows]

Customer hereby represents and warrants to Bank that the names of the Authorized Agents, the account numbers from which they are authorized to process deposits, are correctly stated above. If at any time Customer wishes to add or delete Authorized Agents, or change account numbers for Authorized Agents, Customer will submit a new "Schedule RDC-1" form to Bank.

Company/Customer Name:

Lone Star National Bank

By: _____
*Customer's Authorized Signature
from Schedule B*

By: _____
Bank Officer's Authorized Signature

Name: _____

Name: _____

Date: _____

Date: _____

SCHEDULE RDC-2

SCANNER PURCHASE AGREEMENT

Check Scanner	
Manufacturer	
Model Name/Number	
Serial Number	

☐ **Purchase.** Customer agrees to purchase the Scanner described above for a purchase price of _____, together with any applicable sales, use, or other taxes that may apply to this Agreement. Customer agrees that any charges under this Schedule RDC-2 may be collected in the same manner as other charges under this Agreement, including, but not limited to, by auto debit from Customer's account.

All of the provisions of this Agreement apply to this Schedule, including, but not limited to its warranty limitations and its default and termination provisions. **TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, BANK AND ITS AFFILIATES AND SUPPLIERS MAKE NO WARRANTIES OF ANY KIND, EXPRESS, IMPLIED, OR STATUTORY, ABOUT THE SCANNER, ANY OTHER PROCESSING EQUIPMENT, OR ANY PROCESSING SOFTWARE DESCRIBED IN THIS AGREEMENT, AND HEREBY DISCLAIM ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, OR NON-INFRINGEMENT.**

Alteration or modification of this scanner may render it unable to process items for remote deposit capture. The scanner is intended for use only in the United States of America.

Company/Customer Name:

Lone Star National Bank

By: _____
*Customer's Authorized Signature
from Schedule B*

By: _____
Bank Officer's Authorized Signature

Name: _____

Name: _____

Date: _____

Date: _____

TREASURY MANAGEMENT SERVICES GUARANTY

In consideration of Bank's providing treasury management services to

_____ ("Customer"),

_____ ("Guarantor")

irrevocably and unconditionally guarantees payment of Customer's obligations that may arise under such Treasury Management Services Agreement, dated _____ ("Treasury Agreement").

This Guaranty is made on the following terms and conditions:

Continuing Guaranty

- 1.** This is a continuing Guaranty and all indebtedness to which it applies or may apply under the terms of this Guaranty are conclusively presumed to have been created in reliance on this Guaranty. This Guaranty is required in accordance with such Treasury Agreement in order to satisfy Bank's credit and/or risk analysis of Customer and to assure continued provision of treasury management services to Customer. However, the Guarantor may give Bank written notice that the Guarantor will not be liable for any indebtedness created, incurred, or arising after receipt of notice by Bank. The notice will not be considered as given until actually received in writing by Bank's treasury management department [206 W. Ferguson, Pharr, Texas 78577]. In no case, will Bank release Guarantor from liability for any indebtedness incurred before notice becomes effective.
- 2.** In the event of the death of Guarantor, the obligation of the deceased will continue in full force and effect against Guarantor's estate as to all indebtedness that has been created or incurred by Customer before the time when Bank received written notice of the death.
- 3.** Guarantor agrees that, should the status of Customer change, this Guaranty will continue and also cover the indebtedness of Customer under the new status, according to the terms set out in this Guaranty.

Waiver of Notice and Other Suretyship Rights

- 4.** The Guarantor waives notice of acceptance of this Guaranty and notice of any and all liability to which it may apply, and waives presentment, demand of payment, protest, notice of dishonor, or nonpayment of any such indebtedness, suit or taking of any other action by Bank against Guarantor, and any other notice to any party including the Guarantor. Furthermore, in order to give full effect to the provisions of this Guaranty, the Guarantor waives all suretyship and other rights inconsistent with this Guaranty, which might otherwise be available to Guarantor.

Bank Excused from Exercise of Other Remedies

- 5.** Bank will not be required to pursue any other remedies before invoking the terms of this Guaranty, and will not be required to join Customer in any action to enforce its right to receive payment of the indebtedness, or any other right under this Guaranty. No delay on the part of Bank in exercising any of its options, powers, or rights, or partial or single exercise thereof, constitute a waiver of that right.

Consent to Extensions and Modifications

- 6.** Guarantor agrees that, from time to time, Bank may take the following actions without in any way releasing, modifying, or discharging Guarantor's liability under this Guaranty:
- a. Extend Customer's time to pay any or all obligations.
 - b. Settle with or discharge Customer.
 - c. Modify the nature of Customer's obligation in any regard.

General Provisions

- 7.** Any modification of this Guaranty or any waiver of its provisions will be ineffective unless made in writing signed by Bank.
- 8.** The invalidity or unenforceability of this Guaranty, in part or in whole, will not affect the guaranteed indebtedness.
- 9.** This Guaranty and the rights and obligations of the Customer are to be governed and construed in accordance with the laws of the State of Texas. This contract is performable in _____ County, Texas. The Guarantor waives the right to be sued elsewhere.
- 10.** The term "indebtedness" includes all liabilities, direct or contingent, joint, several, or independent, of Customer now or hereafter existing, due to Bank, arising out of the Treasury Agreement.

DATE: _____

(Signature)

(Print Name), Guarantor

Contact UsInfoLog Off



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Lone Star National Bank is excited to offer our customers Overdraft Education - What You Need to Know about Preventing and Managing Overdraft Fees. Please select either our English or Spanish link below to view the reference material. Lone Star National Bank is glad to be your partner in helping you manage your money!

[Guide to Preventing and Managing Overdraft Fees \(English \)](#)

[Guide to Preventing and Managing Overdraft Fees \(Spanish \)](#)

Welcome LONE STAR NATIONAL BANK!

 You have 5 new alerts...

Deposit Accounts

?

View 5 | 10 | 20 | 50 | 100 | ALL

Account (Click for Details)	Balance	Status	
9921672	\$548.18		Select Option
9007016	\$2.42		Select Option
TEST	\$0.95		Select Option

Customer Summary Information

3 Deposit accounts with a total balance of \$551.55

You last accessed your user account on Friday, February 27, 2015 8:45:28 AM Central Time

You have accessed user 5334 time(s) since Monday, June 20, 2005 1:49:36 PM Central Time [Reset this counter](#)

LSNB Mobile™

Bringing the Bank to You.



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Go paperless with e-Statements



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NBA D-LEAGUE CHAMPIONS



LSNB ONLINE ACCOUNTS: Account Transactions

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All Transactions
?

View Transactions for: 9007016
Current Balance: \$2.42 Available Balance: \$2.42

View Range: [Since Last Statement](#) | [7 Days](#) | [15 Days](#) | [30 Days](#) | [All](#)

Date ▾	Ref/Check No	Description	Debit	Credit	Balance
02/25/2015	126150971	Trsf from 9921672 mea test Confirmation number 126150971		\$1.33	\$2.42
01/29/2015		Card Mgr Tsf To Chk	-\$1.12		\$1.09
01/26/2015	126150979	Trsf from 9921672 testing Confirmation number 126150979		\$1.21	\$2.21
01/02/2015		Phone Banking XFR to CHK 00000009921672 CONF#33171	-\$0.50		\$1.00
01/02/2015	102151113	Trsf from 9921672 EOY test reversal Confirmation number 102151113		\$0.50	\$1.50
12/31/2014	1231140718	Transf to 9921672 EOY non reporting per AVO Confirmation number 1231140718	-\$0.04		\$1.00
10/31/2014	View Image	Savings Withdrawal	-\$1.46		\$1.04
10/31/2014	View Image	New Money Deposit Savings		\$1.47	\$2.50
09/29/2014	929141390	Transf to 9921672 rev back test Confirmation number 929141390	-\$1.00		\$1.03
09/29/2014	929141386	Trsf from 9921672 test message Confirmation number 929141386		\$1.00	\$2.03
08/25/2014	825140536	Transf to 9921672 DR Test Fail Back 2014 Confirmation number 825140536	-\$0.85		\$1.03
08/25/2014	825140538	Trsf from 9921672 DR Test Fail Back 2014 Rev Confirmation number 825140538		\$0.85	\$1.88
08/11/2014		In Person Tsf Debit	-\$0.73		\$1.03
08/11/2014		In Person Tsf CR		\$0.73	\$1.76
08/11/2014	811140508	Trsf from 9921672 test DR SA 8/10/14 Confirmation number 811140508		\$0.03	\$1.03
07/29/2014	729140397	Transf to 9921672 Test Savgs bal 1.00 per AVO Confirmation number 729140397	-\$14.00		\$1.00
07/28/2014		Wire Transfer Credit LONE STAR NATIONAL BANK 100 W FERGUSON PHARR TX 78577-0000 TESITNG WIRE CM EMAIL ALERTS 20140728QMGT014001202 20140728QMGNP67001669		\$1.50	\$15.00

06/25/2014	View Image	Savings Withdrawal	-\$1.47		\$13.50
06/25/2014	View Image	New Money Deposit Savings		\$1.46	\$14.97
06/23/2014	View Image	Savings Withdrawal	-\$1.46		\$13.51
06/23/2014	View Image	Savings Deposit		\$1.47	\$14.97
03/11/2014	View Image	Mobile Dep Per Item Fee Sav	-\$0.50		\$13.50
03/11/2014	View Image	Mobile Deposit Savings		\$6.50	\$14.00
02/14/2014	View Image	Mobile Dep Per Item Fee Sav	-\$0.50		\$7.50
02/14/2014	View Image	Mobile Dep Per Item Fee Sav	-\$0.50		\$8.00
02/14/2014	View Image	Mobile Deposit Savings		\$2.00	\$8.50
02/14/2014	View Image	Mobile Deposit Savings		\$5.50	\$6.50
12/31/2013	1231130306	Transf to 9921672 Checking End of Year - Non Reporting Confirmation number 1231130306	-\$5.45		\$1.00
11/15/2013	1115130873	Transf to 9921672 Checking Android Tran test Confirmation number 1115130873	-\$0.05		\$6.45
11/15/2013	1115130874	Trsf from 9921672 Checking rev Tran android Confirmation number 1115130874		\$0.05	\$6.50
09/23/2013	923130419	Transf to 9921672 Checking Fail Back DR Test Rev Confirmation number 923130419	-\$0.03		\$6.45
09/23/2013	923130136	Transf to 9921672 Checking Rev Fail Back DR Test 2013 Confirmation number 923130136	-\$0.12		\$6.48
09/23/2013	923130418	Trsf from 9921672 Checking Fail Back DR Test 2013 Post Confirmation number 923130418		\$0.03	\$6.60
09/23/2013	923130135	Trsf from 9921672 Checking Fail Back DR Test 2013 Confirmation number 923130135		\$0.12	\$6.57
09/18/2013	918130514	Trsf from 9921672 Confirmation number 918130514		\$1.00	\$6.45
09/09/2013	909130198	Transf to 9921672 Checking DR Test 2013 Rev Confirmation number 909130198	-\$0.03		\$5.45
09/09/2013	909130443	Transf to 9921672 Checking DR SA Test Rev Confirmation number 909130443	-\$0.99		\$5.48
09/09/2013	909130197	Trsf from 9921672 Checking DR Test 2013 Confirmation number 909130197		\$0.03	\$6.47
09/09/2013	909130442	Trsf from 9921672 Checking test DR SA 2013 Confirmation number 909130442		\$0.99	\$6.44
08/16/2013		ACH TEST LONESTAR BANK PPD XXXXX7409		\$0.20	\$5.45
08/16/2013		ACH TEST LONESTAR BANK PPD XXXXX7409		\$0.25	\$5.25
08/14/2013		ACH TEST LONESTAR BANK PPD XXXXX7409	-\$0.16		\$5.00
08/14/2013		ACH TEST LONESTAR BANK		\$0.17	\$5.16
Totals:		Transactions: 43	Debits: -\$30.96	Credits: \$28.39	

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Prior Day

Current Day

Position

520 E. Nolana Ave McAllen, TX. 78504 1(800)580-0322 ext. 2440

View Prior Day Information for: 9007016

Prior Day Information

Prior Account Information

9007016 / LONE STAR NATIONAL BANK

Close of Business.....	February 26, 2015	Prior Day Activity	
		Debits	Credits
Available Balance....	2.42	ACH Items	
Collected Balance....	2.42	0.00	0.00
Ledger Balance.....	2.42		
Hold Amount.....	0.00	Inclearing	
		0.00	0.00
One-day Float.....	0.00	Over-the-counter	
Two-day Float.....	0.00	0.00	0.00
Three-day Float.....	0.00		
Over 3-day Float.....	0.00	Wires	
		0.00	0.00
		Transfers	
		0.00	0.00
		Total	
		0.00	0.00

LSNB ONLINE CASH MANAGEMENT: Account Current Day

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ACH	Wires	ARP/Positive Pay	Users	Reporting	File Status
Prior Day	Current Day	Position			

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View Current Day Information for: 9007016

Current Day Information ?

Current Account Information

9007016 / LONE STAR NATIONAL BANK

As of Date..... February 26, 2015

Available Balance....	2.42	Current Day Activity	
Collected Balance....	2.42	Debits	Credits
Ledger Balance.....	2.42	ACH Items	
Hold Amount.....	0.00	0.00	0.00
		Inclearing	
		0.00	0.00
Current Available....	2.42	Over-the-counter	
Accrued Interest.....	0.00	0.00	0.00
Interest rate.....	0.000000%	Wires	
		0.00	0.00
		Transfers	
		0.00	0.00
		Total	
		0.00	0.00

LSNB ONLINE CASH MANAGEMENT: ACH Batch List



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As part of Lone Star National Bank's required training and continuing education, all Cash Management customers need to click the banner and complete the required assessment. Please contact the Treasury Management Department to obtain your username and password.

eLearning

Important steps to protect the security of your online financial transactions! [Click here to learn more now!](#)

Information Message: Batch Training deleted.

ACH Category List

Create a new category for:

Select Company

Total Batches 6 [View 10](#) | [20](#) | [50](#) | [100](#)

	Status	Category Name	Type	Company	Process Date	Debit	Credit	Options
☐	Ready	Big Rewards 2	PPD	LONESTAR BANK	10/28/2013	\$0.99	\$0.99	Select option...
☐	Ready	PNT-CSV TEST	PPD	LONESTAR BANK		\$0.00	\$0.00	Select option...
☐	Ready	Test	PPD	LONESTAR BANK	11/21/2013	\$0.09	\$0.09	Select option...
☐	Ready	0000139	Sa	10250000		\$0.00	\$0.00	Select option...
☐	Ready	0000140	lez	3185427		\$0.00	\$0.00	Select option...
☐	Uploaded	0000143	igu	16857007		\$0.00	\$0.00	Select option...
						Total \$1.08	\$1.08	

Initiate Selected

LSNB ONLINE CASH MANAGEMENT: NEW WIRE FOR ACCOUNT

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TransmitEdit/AddTransmit TemplatesActivity

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Define New Wire For TEST?

General Wire Information

Wire Name:

Credit Account Information

Credit Account Number:

Credit Account Name:

Credit Account Address:

Receiving Bank Information

Receiving Bank ABA Number:

[Search for ABA Number](#)

Receiving Bank Name:

Receiving Bank Address:

Wire Information

Remarks:

Repetitive Wire:

☐

Amount:

Submit

Cancel

LSNB ONLINE CASH MANAGEMENT: MANUAL ARP/POSITIVE PAY FILE

[Upload ARP File](#)

**Lone Star
National BankSM**

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ItemsDownloadUploadEdit Upload Format

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Upload ARP/Positive Pay Files ?

Select the type of file you want to upload to identify the field and position placement for your file. Once this layout is established, this format will be the default layout for uploaded files of this type.

Enter the name of the file you wish to upload (some browsers will provide a Browse button to help you find the file). Click the Upload button. If you are consistently having trouble uploading your file, try the 'Open Input' method.

Upload File For: TEST

Upload File Type: Fixed Position File

Browse...

NOTE: Maximum upload file size is 4052 MB.

Upload



[Manual ARP File](#)

**Lone Star
National BankSM**

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ItemsDownloadUploadEdit Upload Format

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Upload ARP/Positive Pay Files ?

Upload File For: TEST

Check Number:	Date Issued:	Check Amount:	Type:	Payee:
1			Debit	
2			Debit	
3			Debit	
4			Debit	
5			Debit	
6			Debit	
7			Debit	
8			Debit	
9			Debit	
10			Debit	
11			Debit	

1 2 3 4 5 6 7 8

UploadResetCancel

Let Us Bring The Bank To You.

Introducing  **Office Banker™** from Lone Star National Bank



What is Office Banker™?

With **Office Banker™** you can scan money orders, consumer, cashier's and corporate check images into a file and send them electronically to Lone Star National Bank without ever having to leave your business or office. No more lost time driving to the bank to make a deposit.* Plus you'll have the benefit of an extended deposit deadline of 9:00 pm.

What Are the Benefits of Office Banker™?

Increased Cash Flow

Faster check clearing

Convenient and Safe

Make deposit transactions in your office

Extended Deposit Deadline

Make deposits from your office until 9:00 pm versus a branch deadline

Increased Efficiency

Reduce clerical errors when adding deposits, and eliminate time-consuming trips to the bank.

Next Day Availability

Receive most funds next day when checks are processed by 9:00 pm.**

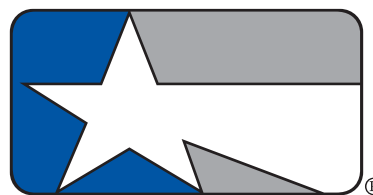


Worried About Where to Put It?

The TellerScan TM-S1000 is small enough to easily fit on a desk.

(Model may vary from picture.)

**For Immediate Customer Support
Call 1-877-433-3812**



Lone Star National BankSM

1-800-580-0322

www.lonestarnationalbank.com

Alerting Service - Remote Deposit Notification

Your remote deposit for location
and successfully processed.

in the amount of \$512.00 has been received

For additional information or if you have questions about this deposit, please follow these steps:

1. Sign-on to your online account and select the Report tab
2. Select the Deposit Results link
3. Click Get Deposits
4. Locate the Deposit created on 2/4/2013 2:09:46 PM in the amount of \$512.00
5. Click the View link to view the individual items in the deposit

Please understand that we cannot respond to individual messages through this email address. It is not secure and should not be used for account related questions.

Message Id: 26608-382079377:9



Search: Last/Company Name

(Lone Star National Bank)

Lone Star National Bank

[Home](#) | [Transactions](#) | [Collections](#) | [Reports](#) | [Customers](#)[FAQ's](#) | [My Settings](#) | [Logout](#)

Wednesday, March 20, 2013

Welcome

You are currently logged in to the Lone Star National Bank online system.

News

Current Transaction Summary

This is a summary report of all transactions currently in the system as of 1/19/2013.

Transaction Status Summary

Status	Items	Debits	Credits
Approved	7	\$3,207.90	
Processed	307	\$131,012.28	
Collected			
Awaiting Capture			
Awaiting Approval			
Declined			
Voided			
Error			
In Collection			
In Research			
Uncollected NSF			
Suspended			
Disputed			
Invalid / Closed Account			
Resolved			
Other Check21 Returns			



Search: Last/Company Name

(Lone Star National Bank)

Lone Star National Bank

[Home](#) | [Transactions](#) | [Collections](#) | [Reports](#) | [Customers](#)[FAQ's](#) | [My Settings](#) | [Logout](#)

Wednesday, March 20, 2013

Deposit Results

This page displays a list of the deposits made via Remote Deposit.

[Go Back](#)

Location:

Quick Pick:

Start Date:

End Date:

Deposits matching your search criteria:

Item Details	Deposit Details	Create Date	Location	Description	Deposit Status	Your Count	Your Amount	Received Count	Received Amount	ACH Deposit Date	ACH Deposit Count	ACH Deposit Amount	C21 Deposit Date	C21 Deposit Count	C21 Deposit Amount	Total Deposit Count	Total Deposit Amount
view	view	3/20/2013		(gf) 3/20/2013 Deposit	Deposited	7	\$3,207.90	7	\$3,207.90		0	\$0.00	3/20/2013	7	\$3,207.90	7	\$3,207.90

Lockbox: RemitPlus

Automated Payment Processing



Lone Star National Bank[®]

Today's Mission

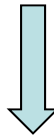
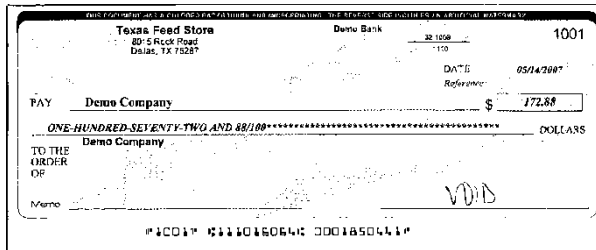
To introduce technology that drastically reduces the time, resources, and cost of posting payments to an accounts receivable system, and depositing funds to the bank



Lone Star National Bank™

Definitions

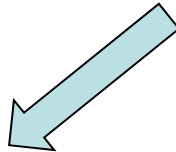
Remote Deposit Capture- Scanning checks from a business for electronic deposit to a bank (it's all about depositing checks)



Lone Star National Bank™

Definitions

Remittance- The process of updating payments to an accounts receivable system.



MAKE CHECKS PAYABLE TO:		NAME: BOOKS GALORE							
DEMO COMPANY 3022 AVENUE B DALLAS, TX 75287		SERVICE ADDRESS: 1875 STOREY LANE ACCOUNT # 43356009-1025304							
43356009102530400353821		<table border="1"><thead><tr><th>PREVIOUS BALANCE</th><th>CURRENT CHARGES</th><th>TOTAL DUE</th></tr></thead><tbody><tr><td>\$0.00</td><td>\$353.82</td><td>\$353.82</td></tr></tbody></table>	PREVIOUS BALANCE	CURRENT CHARGES	TOTAL DUE	\$0.00	\$353.82	\$353.82	
PREVIOUS BALANCE	CURRENT CHARGES	TOTAL DUE							
\$0.00	\$353.82	\$353.82							
		CURRENT CHARGES ARE DUE UPON RECEIPT							
ADDRESSEE:		REMIT TO:							
BOOKS GALORE 1875 STOREY LANE DALLAS, TX 75287		DEMO COMPANY 3022 AVENUE B DALLAS, TX 75287							
PLEASE RETURN THIS PORTION WITH PAYMENT TO D.W.D. PRINT NAME TO YOUR CHECK AND INCLUDE YOUR ACCOUNT #		PLEASE SEE REVERSE SIDE FOR ADDITIONAL INFORMATION							



Lone Star National BankSM

Definitions

RemitPlus- A ProfitStars solution that combines both remote deposit capture and remittance processing to provide automated A/R posting AND electronic deposit.

THIS DOCUMENT WAS A COLORED BACKGROUND AND MICROPRINTING. THE REVERSE SIDE INCLUDES AN ARTIFICIAL WATERMARK.

Texas Feed Store
8015 Rock Road
Dallas, TX 75287

Demo Bank 1001
32-1008
1110
DATE 05/14/2007

PAY **Demo Company**
ONE-HUNDRED-SEVENTY-TWO AND 88/100*****
TO THE ORDER OF **Demo Company**
Memo

43356009102530400353621

NAME: BOOKS GALORE
SERVICE ADDRESS: 1875 STOREY LANE
ACCOUNT # 43356009-1025304

PREVIOUS BALANCE	CURRENT CHARGES	TOTAL DUE
\$0.00	\$353.82	\$353.82

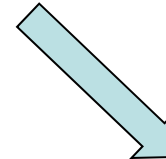
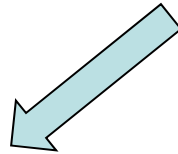
CURRENT CHARGES ARE DUE UPON RECEIPT

ADDRESSES: REMIT TO:

BOOKS GALORE
1875 STOREY LANE
DALLAS, TX 75287

DENO COMPANY
3022 AVENUE B
DALLAS, TX 75287

PLEASE RETURN THE SLIP WITH PAYMENT TO DENO.
PLEASE SEE REMITSLIP FOR ADDITIONAL INFORMATION.



Lone Star National BankTM

Who has remittance headaches?



Any business that receives payments with checks and coupons!

- City Water Utilities
- Electric Cooperatives
- Telephone Companies
- Insurance Companies
- Tax Authorities
- Churches
- Cable/Internet Providers
- Hospitals
- Health Care Providers
- Property Management Companies
- Home Owners Associations
- Waste Disposal Companies
- County Tax Authorities
- State/Local Governments
- Non-Profit Orgs.



Lone Star National BankSM

Key Benefits



No more manual key entry!



RemitPlus drastically reduces the time, resources, and expense of manually keying payments into an A/R or database



Lone Star National BankTM

Why you will love your lockbox

- No trips to deposit money at the bank
 - Faster availability of funds



Lone Star National BankSM

Key Benefits

RemitPlus images all checks and payment coupons for fast, easy research.

RemitPlus Search

☒ Date Range
From: 12/ 3/2008 To: 12/ 3/2008

Routing No: Account No: Check No: Check Amount: ActNum: 43351 AmtDue:

Batch No: Seq No:

Search Clear Close

1 of 54

Front Back

Zoom

MAKE CHECKS PAYABLE TO:
DEMO COMPANY
3022 AVENUE B
DALLAS, TX 75287

NAME: MICHAEL PARK
SERVICE ADDRESS: 7808 HUNT PLACE #303
ACCOUNT # 43356008-1025306

PREVIOUS BALANCE	CURRENT CHARGES	TOTAL DUE
\$0.00	\$85.24	\$85.24

CURRENT CHARGES ARE DUE UPON RECEIPT

43356008102530600065241

ADDRESSEE: REMIT TO:

MICHAEL PARK
7808 HUNT PLACE #303
DALLAS, TX 75287

DEMO COMPANY
3022 AVENUE B
DALLAS, TX 75287

PLEASE RETURN THIS FOR A/R WITH PAYMENT TO D.W.D.
REMEMBER TO SIGN YOUR CHECK AND INCLUDE YOUR ACCOUNT #

PLEASE SEE REVERSE SIDE FOR ADDITIONAL INFORMATION

Batch No: 101 Seq No: 001 ActNum: 433560081025306
Run Date: 12/03/2008 Status: Completed AmtDue: 85.24
Applied: 85.24

Rotate Print Transaction Details



Lone Star National BankSM

How it works

Courtesy Area (CAR)

THIS DOCUMENT HAS A COLORED BACKGROUND AND MICROPRINTING. THE REVERSE SIDE INCLUDES AN ARTIFICIAL WATERMARK.

Texas Feed Store
8015 Rock Road
Dallas, TX 75287

Demo Bank 32-1808 1110 1001

DATE 05/14/2007
Reference:

PAY Demo Company \$ 172.88

ONE-HUNDRED-SEVENTY-TWO AND 88/100 ***** DOLLARS

TO THE ORDER OF Demo Company

Memo VOID

⑈ 1001 ⑈ ⑆ 111016064 ⑆ 000185044 ⑈

Legal Area (LAR)

RemitPlus reads the check using CAR/LAR technology.



Lone Star National Bank™

How it works?

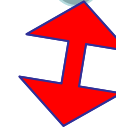
Check from Texas Feed Store, Demo Bank, dated 05/14/2007, for \$172.88, payable to Demo Company. The check includes MICR line 43356009102530400353621.

PREVIOUS BALANCE	CURRENT CHARGES	TOTAL DUE
\$0.00	\$353.82	\$353.82

Current charges are due upon receipt.



interweb.in



Deposit to bank



Post payments to billing/AR system



Lone Star National Bank™



DEPOSITORY SERVICES

REQUEST FOR SEALED PROPOSAL #19-09-09-17

PURCHASING

CITY OF SAN JUAN

709 S. NEBRASKA AVENUE

SAN JUAN, TEXAS 78589-2649

WEDNESDAY, SEPTEMBER 25, 2019

Submitted By:



100 E. Nolana Loop

Pharr, TX. 78577

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TAB 1

September 24, 2019

City of San Juan
Attn: Rene J. Jaime, Purchasing/ Risk Manager
709 S. Nebraska Avenue
San Juan, Texas 78589

RE: Depository Services Request for Sealed Proposals #19-09-09-17

Dear Mr. Jaime,

On behalf of the employees, officers and directors of PlainsCapital Bank, I would like to thank you for giving PlainsCapital Bank (PCB) the opportunity to bid for the City of San Juan Depository Contract and hopefully continue to serve as your depository bank. PCB's goal is to supersede your expectations in a depository bank and we look forward to continuing our partnership with the City.

PlainsCapital Bank has been a Texas banking tradition since 1988. Founded in Lubbock with one branch, \$160 million in deposits, and a lot of entrepreneurial spirit, we've grown to become the 5th largest Texas –Based banks in the state with over \$8,100,000,000 in deposits and over 60+ locations throughout the state. Our leadership team are Texas natives with over 30 years of tenure with our Bank who have lived their entire lives in the communities we serve. We have a long history of partnering with 100+ public entities, large and small, in all of the markets we serve to help move our communities forward. We have specialized expertise in public banking, treasury management, and liquidity and investing services to meet all your financial needs.

The complete bid proposal which is valid for 60 days from the date of this letter is attached for your consideration. Below, please find some of the excerpts of the complete bid packet attached.

Rates

PlainsCapital Bank offers the City of San Juan non-interest bearing transaction accounts up to an aggregate maximum collateral balance of \$3,000,000 with no minimum balance requirements. Funds in excess of \$3,000,000 will sweep into a master Insured Deposit Sweep (IDS) transaction account where funds will earn a current competitive rate of 1.55% while maintaining complete liquidity and are fully FDIC insured. While your funds are invested across the network, they remain available in real time to fund payroll, send wires, or meet other immediate disbursement needs. PCB will provide the City with a floor interest rate of 0.80%. IDS interest rate is variable and tied to the Lower End Fed Funds Target Rate (currently 1.75%) less 0.20 basis points.

All non-interest bearing accounts will be placed on account analysis where funds will earn an earnings credit of 1.55%, with a floor rate of 0.80%, on the previous months average daily collected balance and could be used to offset some, and in some cases all service charges. Earnings credit



rate is variable and tied to the Lower End Fed Funds Target Rate (currently 1.75%) less 0.20 basis points. Fees will be assessed according to the detailed schedule of fees attached. Bank will offer a 3 month waiver to offset transition costs. Additionally, Bank is offering the City 1 check deposit scanners for DepositDirect services with no monthly lease fee for the term of the contract, a savings of \$600. Bank will also provide the City with a \$1,000 allowance for the initial check, deposit slip, tamper evident, or endorsement stamp orders for City accounts.

PlainsCapital Bank appreciates the opportunity to bid and stands behind the pricing and people that are committed to building a partnership with you. If you have any questions please feel free to contact me at (956) 283-2255: larry.gonzalez@plainscapital.com or Dacia A. Salinas at (956) 385-3513: dacia.salinas@plainscapital.com.

Sincerely,



Larry C. Gonzalez
Market President

TAB 2

AMENDED - REQUEST FOR SEALED PROPOSALS

Notice is hereby given that the City of San Juan is seeking sealed proposals addressed to Rene J. Jaime, Purchasing/Risk Manager, City of San Juan, 709 S. Nebraska Avenue, San Juan, Texas, 78589-2649 no later than Wednesday, September 25, 2019, 10:00 a.m., at which time they will be taken to the City Hall Conference Room.

**DEPOSITORY SERVICES
REQUEST FOR SEALED PROPOSAL #19-09-09-17
PURCHASING
CITY OF SAN JUAN
709 S. NEBRASKA AVENUE
SAN JUAN, TEXAS 78589-2649**

Specifications can be obtained by calling the Purchasing Department at 956.223.2200, by picking them up at the San Juan City Hall, 709 S. Nebraska, San Juan) Texas between the hours of 8:30 a.m. - 4:30 p.m., Monday thru Friday, or by downloading them from the City's web-site at www.cityofsanjuantexas.com.

Be advised that if a firm downloads the bidding documents from the web page and is contemplating on bidding on the project the respondent must register with the Purchasing Department so that any changes/additions via an Addendum can be forwarded to the firm. Register with the Purchasing Department by email at RJ Jaime@sjtx.us. Please include in the subject line the bid name and bid number and in your email please request to be registered for bid notifications and include your firm's name, contact person's name and title, phone, and email address.

The City of San Juan reserves the right to refuse and reject any or all proposals and to waive any or all formalities or technicalities or to accept the proposal to be the best and most advantageous to the City, and hold the proposal for a period of 60 days without taking action. Proposals submitted past the aforementioned date and time will not be accepted.

See addendum on page 8 of this document.

Caution to those submitting bids; those not in the proper form may be rejected

DEPOSITORY SERVICES

STATE OF TEXAS

§

COUNTY OF HIDALGO

The City of San Juan (CITY) will request for and receive depository Sealed Proposals on Wednesday, September 25, 2019 at 10:00 a.m., addressed to Rene J. Jaime, Purchasing/Risk Manager, 709 S. Nebraska Avenue, San Juan, Texas, 78589-2649, the outside of the sealed envelope must be addressed as follows:

DEPOSITORY SERVICES

REQUEST FOR SEALED PROPOSALS # 19-09-09-17

PURCHASING

CITY OF SAN JUAN

709 S. NEBRASKA AVENUE

SAN JUAN, TEXAS 78589-2649

The successful respondent(s) will receive the depository contract for a period from October 1, 2019, through September 30, 2020. The City, at its option, may extend the agreement for an additional two years (at one-year intervals) under the terms and conditions set forth in this proposal. The City reserves the right to refuse and reject any or all proposals and to waive any or all formalities or technicalities or to accept the proposals to the best and most advantageous to the City, and hold the proposals for a period of 60 days without taking action. The City reserves the right to award the Depository Contract to more than one respondent. Proposals submitted past the aforementioned date and time will not be accepted. Cautioned to those submitting proposal; proposals not in the proper form may be rejected.

The successful respondent(s) will be bound by and must comply with the provisions of Vernon's Annotated Texas Statutes, Chapters 105, 2256, and 2257, Texas Government Code, and the CITY'S investment policy, inclusive, as amended.

The successful respondent(s) shall provide the City with the adequate insurance coverage as mandated by state law when submitting proposal.

Proposals must contain the following:

DEPOSITORY FOR FUNDS

1. Maintain custody of the CITY'S funds in Transaction Accounts (Demand, Money Market, etc.), at no charge to CITY. The number of accounts required may change throughout the term of the contract. Temporary overdraft in individual accounts will occur occasionally without penalty or service charge to the CITY as long as the aggregate funds in other Transaction Accounts are in the amount sufficient to meet the overdraft. Interest rate to be paid to CITY on Transaction Accounts will in no event be less than the greater of the 91 day Treasury Bill asked yield as quoted by Wall Street Journal on the first business day of the month to which it applies+/-__basis points, the BANK'S highest published rate, or the BANK'S highest rate paid to any other investor. The minimum rate to be paid to CITY will in no event be less than:_____. For the purpose of evaluating proposals, we have estimated an aggregate amount of \$5,000,000.00 for all accounts.

Bank offers non-interest bearing transaction accounts with an aggregate maximum collateral amount of \$3,000,000. There are no minimum balance requirements. Funds in excess of \$3,000,000 will sweep into an Insured Deposit Sweep (IDS) transaction account. When combined with zero-balance accounts, the Insured Deposit Sweep keeps all operating dollars fully insured while paying a competitive rate of 1.55%, with a floor rate of 0.80%, and maintaining complete liquidity. While funds are invested across the network, they remain available in real time to fund payroll, send wires, or meet other immediate disbursement needs. IDS interest rate is variable and tied to the Lower End Fed Funds Target Rate (currently 1.75%) less 0.20 basis points.

Earned interest will accrue daily and pay monthly. IDS accounts are authorized investments under the Texas Government Code Title 10 Chapter 2256 Subchapter A Section 2256.003 of the Public Fund Investment Act. See tab 3, page 1 and 2, for IDS Service Description and an excerpt from Texas Government Code.

All non-interest bearing accounts will be placed on account analysis where funds will earn an earnings credit rate of 1.55%, with a floor rate of 0.80%, on the previous months average daily collected balance and could be used to offset some, and in some cases all service charges. Earnings credit rate is variable and tied to the Lower End Fed Funds Target Rate (currently 1.75%) less 0.20 basis points.

Based on the ledger balances and average monthly service volumes provided in attachment A, earnings credit of approximately \$3,800.00 will offset estimated analyzed service fees of \$1,533.00 with \$0.00 due to bank.

The City shall avoid overdrafts on any of its individual accounts and shall take prompt action to cover overdrafts in any single transaction account. All overdrafts are viewed as extensions of credit and must be reviewed on an individual basis. Daylight overdrafts will be approved at Bank's discretion.

Aggregation of accounts and balances will be used in the decision making for approval of overdrafts. Bank will promptly notify City personnel of overdraft condition. Overdrafts will incur a fee of \$35 per item. Interest at 2.50% plus Prime (Prime currently at 5.25%) for negative overnight collected balance positions is assessed only on days there is a negative collected balance in the individual account.

Overdraft fee is non-balance compensable and will be hard charged at the account level.

2. On Certificates of Deposits purchased by CITY, regardless of amount, the depository bank will pay interest, determined at purchase date, at the rate of: 1- 90 days - the asked yield of Treasury Bills as quoted daily in the Wall Street Journal to the nearest maturity of the Certificate of Deposit +/- [*See Below](#) basis points, the BANK'S highest published Certificate of Deposit rate, or the BANK'S highest rate paid to any other investor, whichever is greater.

For the purpose of evaluating proposals, we have estimated an aggregate amount of 1,000,000.00 for all accounts.

91-180 days -the asked yield of Treasury Bills as quoted in the Wall Street Journal to the nearest maturity of the Certificate of Deposit +/- basis points, the BANK'S highest published Certificate of Deposit rate, or the BANK'S highest rate paid to any other investor, whichever is greater.

For the purpose of evaluating proposals, we have estimated an aggregate amount of \$1,000,000.00 for all accounts.

181 days to one year -the asked yield of Treasury Bills as quoted in the Wall Street Journal to the nearest maturity of the Certificate of Deposit +/- basis points, the BANK'S highest published Certificate of Deposit rate, or the BANK'S highest rate paid to any other investor, whichever is greater.

For the purpose of evaluating proposals, we have estimated an aggregate amount of \$1,000,000.00 for all accounts.

Over one year- the asked yield of Treasury Notes quoted in the Wall Street Journal to the nearest maturity of the Certificate of Deposit +/- [*See Below](#) basis points, the BANK'S highest published Certificate of Deposit rate, or the BANK'S highest rate paid to any other investor, whichever is greater.

For the purpose of evaluating proposals, we have estimated an aggregate amount of \$1,000,000.00 for all accounts.

The aggregate amount is only an estimate. The CITY reserves the right to deposit a greater or lesser amount in its sole discretion. The CITY makes no representation as to the accuracy of such estimate.

Interest on above certificates of deposit will be computed monthly and reinvested into the certificate balance monthly.

BANK hereby agrees that the minimum interest rate of the Certificates of Deposit, regardless of time, will not be less than *See Below % and in no event, less than the bank's current posted or published rate for like maturities.

BANK hereby agrees that the CITY shall be entitled to redeem Certificates of Deposit in whole or in part, prior to maturity, without penalty or adjustment of interest rate, and will pay interest on the redeemed Certificates at the stated rate.

In order to provide the City with the best possible return on their investments, Bank may offer Certificates of Deposit in other FDIC insured depository institutions through CDARS, Certificate of Deposit Account Registry Service. Through CDARS, the City would have access to multi-million-dollar FDIC insurance and a return on funds placed into CDs in terms of 4 weeks to 5 years maturity. See tab 3 page 3 & 4 for CDARS Service Description.

Additionally, PlainsCapital Bank may offer Certificates of Deposits in other FDIC insured depository institutions through the Wealth Management and Trust Department's CD Spread Program. PCB's Wealth Management and Trust Department will provide the City investment options in which the City can elect to participate along with safekeeping services. See tab 6 for PlainsCapital Bank's Wealth Management & Trust Department.

3. Any deviation from the proposal specifications set out in "A", shall be grounds for rejecting the proposal.

CITY hereby obligates itself during the period of this contract, or until a. successor bank is selected as it depository after the expiration of the term hereof, to deposit with BANK all uninvested funds and monies of the CITY. CITY reserves the right to deposit its funds in such amounts as it sees fit in either Transaction Accounts or Time Accounts. CITY further reserves the right to withdraw any amount of such funds deposited hereunder for the purpose, and at the sole discretion of CITY, of investing such funds in any investment authorized by the Public Funds Investments Act, limited if applicable by the CITY'S Investment Policy. All deposits made by CITY in Depository Bank, except to the extent said deposit is guaranteed by the Federal Deposit insurance Corporation, shall be secured and guaranteed by a pledge to CITY of securities as set out below and shall deposit in joint safe keeping at a Federal Reserve Bank. CITY will allow substitutions of securities upon written

request and written approval, upon verification of equal market value and credit rating. Such securities shall be in the amount of market value equal to 110% of the amount of such deposits, plus the accrued interest thereon. The authorized types of securities are as follows:

- a. U.S. Treasury obligations and government agency securities, specifically, those issued by the Federal Home Land Bank, the federal National Mortgage Association, the: Federal Home Loan Mortgage Corporation and the Federal Farm Credit Bank, excluding mortgage-backed securities.

PlainsCapital Bank agrees to pledge securities as allowed by the Public Funds collateral Act (Texas Government Code Title 10, Chapter 2257) and the City's Investment Policy in the amount of market value equal to 110% of City's deposits.

The Pledged Securities are pledged against the City of San Juan deposits plus interest accrued at BANKS OR BANKS and ownership shall be retained by BANK or BANKS unless and until the following events occur at a minimum:

- a. The appropriate regulatory agency declares BANK or any other of the BANKS holding CITY deposits to be insolvent or otherwise to be in default so as to prevent CITY from withdrawing any or all of its deposits.
- b. The Administrator of the Federal Deposit Insurance Corporation or his duly authorized representative declares formal action against BANK or any other of the BANKS holding CITY deposits declaring such BANK insolvent or otherwise under default so as to prevent CITY from withdrawing any or all of its deposits, at which time the securities shall be property of CITY without further action in the amounts equal to such deposits plus accrued interest only. CITY shall require a Safekeeping Agreement acceptable to both parties.
- c. BANK agrees to waive any; and all charges associated with the pledging of securities against CITY deposits.

CITY and BANK agree to enter into a written pledging Agreement which details collateral requirements in compliance with all Acts which pertain to the collateralization of deposits including, but not limited to, Section 1823(e) of the Financial Institution's Reform, Recovery and Enforcement Act of 1989 (FIRREA) which requires that the following form requirements are satisfied:

1. It must be in writing.
2. It must be executed contemporaneously with the acquisition of the asset by the depository institution.
3. It must be approved by the institution s board of directors or loan committee, and that approval must be reflected in the minutes of the board or loan committee.

4. It must be an official record of the depository institution since it was executed.

Bank agrees to continue to safekeep the City's pledged securities at Federal Reserve Bank. If awarded, the Bank will provide the City with a signed and Board approved FIRREA resolution as well as an updated Federal Reserve Bank Pledge Agreement. Collateral fees will not apply.

For collateral requests above the proposed aggregate maximum collateral amount, Bank must receive the request for collateral prior to 12:00p.m. on the day the deposits are received by Bank. Bank will on a best-efforts basis attempt to provide additional collateral for incremental deposits when notification is received after the delineated deadlines. See attachment B for Sample agreements.

BANK LOANS

1. BANK shall at the CITY'S request; loan funds to CITY provided that CITY has funds on deposit in an amount equal to or greater than the loan request. The term of any such loan shall not exceed the term of the Depository Contract.

Interest to be paid by the CITY on money it borrows from the DEPOSITORY BANK shall be at the rate of _____ [*See Below](#) % of Prime Rate as quoted in the Wall Street Journal at the time of the loan. Existing loans with present DEPOSITORY BANK will be paid off and financed at the new DEPOSITORY BANK at the lending rate established by the successful respondent with the same security as now exists on each of said loans.

BANK shall have the right to offset against CITY funds deposited with BANK in event of default by CITY.

[PlainsCapital Bank offers a rate of 90% of the Wall Street Journal Prime rate at the time of the loan request and is subject to approval based on the purpose of the loan and financial condition of the entity at the time of the loan request. All loan terms and conditions and amounts are subject to final approval of PlainsCapital Bank's Loan committee.](#)

OTHER SERVICES

1. BANK will provide CITY electronic access to all its accounts via computer modem or the internet. CITY will have ability to inquire, transfer, post stop payment orders, direct deposit payroll, originate. ACHs and wire transfers, bank reconciliation procedures as well as any other standard bank service at no charge to CITY. Computer equipment needed to facilitate this activity will be current CITY equipment, unless BANK requires specialized equipment to perform these services. Such equipment will be provided to CITY at no charge for the duration of contract.

[The Bank offers a robust Business Online Service \(BOS\) with certain dual control capability.](#)

Services include:

- Current and Previous Day Balance Reporting Business Online Banking (BOS) – Real Time
 - View multiple accounts in one search
 - Group your results by any number of transaction types and accounts
 - Download your results in a number of formats including BAI
 - Build custom formats to fit your own accounting package
 - Save your formats and search results for easy access time and again
- Image Research (BOS)
- Account Transfers (BOS) – Real Time
 - Make simple transfers between two accounts
 - Transfer funds from one account to many accounts in one transaction
 - Save your transfer templates for repetitive movement of funds
- Stop Pay Initiation and Monitoring (BOS) – Real Time
- ACH and Check Positive Pay with Payee Match (BOS) – Real Time
 - Positive Pay
 - Payee Positive Pay
 - Reverse Positive Pay
 - ACH Positive Pay
- ACH Origination (BOS)
 - Basic PPD and CCD Templates for payroll, corporate payments and collections
 - Child Support Payment and Tax Payment Templates
 - CTX and STP 820 Templates for more complex corporate payment needs
 - WEB and TEL Templates for consumer collection services
 - Upload recipient details in a number of formats
 - Upload your complex, multi batch files direct to Business Online Services
 - We make managing Notice of Changes easy by updating your templates for you.
 - Access and export information about your ACH returns in Business Online Services
- Domestic and International Wire Transfers (BOS)
 - Send Domestic and International USD Wires
 - Utilize convenient ABA and Swift lookup tools
 - Import your wire details in a number of formats
 - Approve multiple wires at one time
- DepositDirect (BOS)
 - Easier access to reports you can incorporate into your accounting system
 - Later cut-off times for same-day credit
 - Images of your checks available for posting, research, or download
 - Access reports or download them to your accounting system

- Lower risk from employees transporting deposits
- Control Disbursement Totals (BOS)
- Wholesale Lockbox Reporting
- User Rights and Limits Administration (BOS)

Test Demo link available. See following link for Business Online Services Demo.

www.plainscapital.com/TreasuryDemo/index.html

2. BANK shall provide a check control (positive-pay) system, which will protect CITY from duplication and alteration of any of its checks. This service will be provided at no charge to CITY.

Positive Pay is available to the City online to protect and assist against altered checks and counterfeit check fraud. Upon issuing checks, City would transmit a file to the Bank with issued check information. Files are uploaded online with email confirmation available upon successful transmission. There are many flexible options for check register input. Formats include length, delimited and excel. The fields required are check number, issued date, amount and account number. Payee and void codes are optional. The file may be uploaded by an end user or via FSTP as often as City desires. If necessary, the end user may submit individual checks with the check number, amount and date issued. Payee name is optional.

Checks paid are compared and verified against the check issued file. If the checks fail to match, Bank will notify the City thru exceptions. Exceptions are reported by e-mail and viewed online with images if applicable. The end user selects to pay or return the item and the return reason. The City is encouraged to log in to internet banking and review exceptions daily. Decisions are required by 2pm CST. Default can be set to pay or return based on the City's preference.

Additionally, Bank offers Payee Match Positive Pay. For Payee Match verification, see tab 4 page 8 & 9 for Payee name verification best practices for proper check format.

Bank also offers ACH Positive Pay as an additional fraud mitigation tool to allow the City to manage ACH debits and credits posting to City accounts. Through ACH Positive Pay, the City can create ACH filters by Company ID, Amount, and Standard Entry Class, ensuring that if something out of the ordinary posts to the City's account, City will know it immediately. Once filters are created, City can quickly and easily update them online as new vendors or customers come on board. If a transaction posts to the City's account outside of the parameters specified, Bank will immediately send an email for payment verification.

See tab 4 page 7 for Positive Pay Service Descriptions. See attachment A for Proforma Analysis and list of service fees. Fees will be charged thru account analysis.

3. BANK will provide account reconciliation of any and all CITY bank accounts on a semi-monthly basis or monthly basis, as required by CITY, at no charge to CITY. Such reconciliation will include check-imaging on CD-ROM.

Full Account Reconciliation services are available to the City to assist with reporting. Bank can provide detailed transaction information in any format and can match checks paid with checks written based on information provided by the City. Reports include All Checks, Outstanding Issued Checks, Daily Checks Issued Summary, Paid Checks, ACH Transactions, Stop and Voids, Exception items, Stale Dated Checks, Check Reconciliation Summary and Payee match Report. Reconciled data is available at all times and may be retrieved at the City's convenience in standard comma separated, PDF or MICASH 63 formats. Custom file formats are also available upon request by the City to satisfy accounting system requirements. Although Bank has several different options available, we can work with the City to determine the best option for City's needs. Bank can create custom reports as requested by the City based on City's requirements. Reports are available online. Length of availability varies by report. See attachment C for a Sample Reconciliation Statement.

Bank also offers Web CD Rom. Web CD Rom includes images of checks, deposit slips, and deposited checks. Web CD Rom is \$50 per month. See attachment A for Proforma Analysis and list of service fees. Fees will be charged thru account analysis.

4. BANK will provide for ACH processing of direct deposits of payroll at no charge.

The City may originate ACH credits to support direct deposit of payroll and can be uploaded through BOS as a NACHA formatted file, or a bank template can be utilized to upload entries in excel or CSV file formats. ACH payment requests must be submitted by 4:00pm for next day settlement, although it is recommended that files be submitted two days prior to settlement in order to make funds available to recipients early on payday.

Same Day ACH services are available for ACH credit/debits; files or payment templates must be submitted prior to 11:00am.

See attachment A for Proforma Analysis and list of service fees. Fees will be charged thru account analysis.

CITY INVESTMENTS

CITY invests a portion of available funds in U. S. Treasury and government Agency securities, pursuant to the Public Funds Investment Act and the CITY'S Investment Policy. BANK shall provide custodial services in the safekeeping of these investments, including the following:

1. Take the appropriate measures required for receiving or delivering out security trades made by the CITY on a delivery versus payment basis.

PlainsCapital Bank's Wealth Management and Trust Department can provide standard delivery instructions for this purpose.

2. Maintain a separate Federal Reserve Bank account for the safekeeping of securities purchased by the CITY (such account is to be designated a City of San Juan account).

PlainsCapital Bank's Wealth Management and Trust Department provides safekeeping services using its separate account at the Bank of New York.

3. Provide monthly a statement of account holdings which includes original cost, estimated market value, yields and estimated annual income, along with a detailed statement of transaction activity.

PlainsCapital Bank's Wealth Management and Trust Department will provide a detailed monthly accounting statement that includes this information.

4. The fees to be charged by the BANK for custodial services are as follow: (Please provide detailed costs on separate sheets).

PlainsCapital Bank's Wealth Management and Trust Department will provide trust and custodial services to the City. Fees to be charged are based on the size of the custodial account and the requested services. After receiving this additional information, the Trust Officer, acting on behalf of the Wealth Management and Trust Department, will negotiate a fee acceptable to all parties.

The following services shall be free of charge to CITY under the Depository Contract:

1. Supply Night Depository Bags and Keys. Number of bags required: at least, but not limited to 15 large bags; with replacement as needed.

PlainsCapital Bank can provide tamper evident bags for use by the City. Tamper evident bags will be provided at cost.

Locked canvas bags are available to the City for \$30 per bag.

Bank will provide the City with a \$1,000 allowance to use for the initial checks, deposit slips, tamper evident bags, or endorsement stamps for City accounts.

2. Provide detailed statements of securities pledged against CITY deposits each Monday, periodically upon the release/pledge of collateral securities and as of last business day of month, including market valuation.

PlainsCapital Bank agrees.

3. Other Services Required:

- a. Safe deposit boxes as needed.

Safety deposit boxes are available for use by the City. Prices vary depending on size. Size and corresponding fees are as follows:

3x5x21	\$25.00
4x5x21	\$30.00
3x10x21	\$45.00
5x10x21	\$60.00
10x10x21	\$110.00
Key Deposit	\$20.00
Lost Key Replacement	\$25.00

Annual fees are hard charged at the account level.

b. Checks, travelers and cashier's checks as needed.

Upon the City's request, check orders may be facilitated by Bank through Bank's vendor. Price is based on style and quantity ordered. Checks will be provided at cost and automatically debited from City's account.

As stated in item 1 in previous page above, Bank will provide the City with a \$1,000 allowance to use for the initial checks, deposit slips, tamper evident bags, or endorsement stamps for City accounts.

Cashier's checks are available at no cost to the City. Traveler's checks are not available.

c. Money wrappers, envelopes, deposit slips, etc.

Supplies will be provided at cost.

Upon the City's request, deposit slip and endorsement stamp orders may be facilitated by Bank through the Bank's vendor. Price is based on style and quantity ordered. Deposit slip and endorsement stamps will be provided at cost and automatically debited from City's account.

d. Foreign and domestic exchange.

Bank bases the daily Peso rate on the on the NYSE daily market rate. The branch will notify City staff of daily Peso rate via e-mail or preferred method of communication. Deposits delivered to the branch before the 6:00 P.M. cut off will receive same day credit. Night deposits and/or weekend deposits will be credited the next business day at the determined exchange rate.

e. Handling stop payments and customer returned checks.

Stop payments and stop payment renewals can be submitted online. Paper follow-up document is not required. Stop payments are effective for six months from the date of stop payment submission. The City is responsible for renewing all upcoming stop payment expirations.

Within the "Account Services" listing of BOS, the City may view all stop payments submitted through online banking. Additionally, stop payment confirmations may be printed by end user. Confirmations will list date of stop payment submittal, approval, status, check number, account, dollar amount, payee, expiration date (optional) and reason for stop payment (optional).

The Bank will mail a notice of returned deposit item on the day of occurrence. The truncated image is included with the notice of return along with the date, reason of return and the balance of your account after the correction. Cost of returned item is \$10.00 per item and will be charged through account analysis.

- f. Wire transfers as needed. A separate Wire Transfer Agreement with the CITY will be required. Bank confirms agreement. Wire initiation can be made through Business Online Banking (BOS) as a one-time same day or future dated transaction. BOS wires may be future dated with no limit to future date. Repetitive wires may also be generated based on pre-established templates.

Wires may also be faxed, emailed, or delivered to the branch in the event the system is unavailable. Dual authorization is not required for wire transactions and transfer transactions however, it is strongly recommended. Transaction based tokens are required for wire transfer transactions.

See tab 4, page 10-11 for Wire Transfer Service Description and Security Provisions and attachment D for Sample Wire Transfer Authorization Forms.

- g. Any and all research charges.
Research fees for photocopies and statement reprints are as follows:
 - \$25.00 per hour (\$15.00 for ½ hour) plus \$2.00 per page

- h. Account analysis statements.
Account Analysis statements are available online thru BOS (Business Online Banking) on the 9th of the following month with charges occurring on the 15th of the following month or the following business day respectively. Paper statements are available by request and are available generally mid-month depending on local post office delivery. See "Sample Account Analysis Statement" as follows in attachment E. Additionally, see proposed Proforma Statement in attachment A for services based on volumes in the July analysis statements.

The CITY shall be allowed by the DEPOSITORY BANK to purchase Certificates of Deposit which mature after the ending date of the depository contract. The CITY shall be entitled to withdraw these Certificates of Deposit without penalty at the expiration of the depository contract, but in that event, the DEPOSITORY

BANK shall only be obligated to pay interest rates comparable to rates paid for the term the Certificate of Deposit were actually held. Should the CITY elect to retain these Certificate of Deposit after the contract expiration date, the DEPOSITORY BANK shall be obligated to pay the stated rates of interest on the Certificated of Deposit, including partial or full redemptions prior to maturity, and continue to collateralize the investments as required by this proposal. [Bank confirms agreement.](#)

The depository agreement shall be subject to the Charter of the City of San Juan and its Investment Policy, as applicable, the statutes of the State of Texas, and of the United States of America, the rules, and regulations promulgated by the comptroller of the Currency of the United States of America, the Board of Governors of the Federal Reserve System, and the Board of Directors of the Federal Reserve Insurance Corporation as now in existence or as may be amended. [Bank confirms agreement.](#)

ADDENDUM.001 9/12/19

Note, the City of San Juan will not accept AAA and AA municipal securities as pledged collateral.

The City of San Juan shall accept only the following as security collateral:

- A. FDIC Insurance coverage
- B. U.S. Treasury obligations and government agency securities, specifically those issued by the Federal Home Land Bank, The Federal National Mortgage association, the Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank, excluding mortgage-backed securities.

The City will provide an account analysis statement (with charges and rates redacted) upon request.

Sealed Bids should contain one original response on 8.5 x 11 paper and a digital copy on a Flash Drive/USB.

The deadline to submit a response to Depository Contract Proposal 19-09-09-17 has been extended to Wednesday, September 25, 2019 at 10 AM.

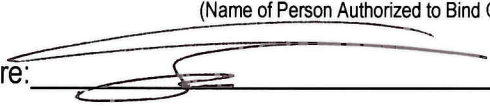
The depository agreement shall be binding on the DEPOSITORY BANK'S heirs, assignees, transferors, and successors upon the DEPOSITORY BANKS' merger or acquisition.

This depository proposal will be incorporated into the depository contract by the reference hereto as if written verbatim and in case of conflict, the provisions of this depository proposal shall control.

Dated on this this 24th day of September, 2019

Financial Institution: PlainsCapital Bank

By: (Print Name) Larry Gonzalez
(Name of Person Authorized to Bind Organization)

Signature: 

Title: Market President

Roxanna De Leon

From: Rene Jaime <rjaime@sjtx.us>
Sent: Friday, September 6, 2019 4:37 PM
To: Roxanna De Leon
Subject: Questions and Answers regarding RFP # 19-09-09-17
Attachments: Clarification # 1 Respondant Questions and Answers to RFP # 19-09-09-17.002.pdf

** External Sender **

Good afternoon,

Please see the attached questions we have received from another institution regarding RFP # 19-09-09-17 and our responses for your consideration. Thank you for your interest in working with the City of San Juan.

Rene J. Jaime
Purchasing / Risk Manager
City of San Juan, Texas
www.cityofsanjuantexas.com
Ph: (956) 223-2204
Cl: (956) 821-4047
Fx: (956) 223-2396

"The only thing necessary for the triumph of evil is for good men to do nothing."

Edmond Burke

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On Fri, Sep 6, 2019 at 1:17 PM Rene Jaime <rjaime@sjtx.us> wrote:
Good afternoon,

Your email has been received. Thank you for your interest in continuing to work with the City of San Juan.

Rene J. Jaime
Purchasing / Risk Manager
City of San Juan, Texas
www.cityofsanjuantexas.com
Ph: (956) 223-2204
Cl: (956) 821-4047
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On Fri, Sep 6, 2019 at 11:50 AM Roxanna De Leon <roxanna.deleon@plainscapital.com> wrote:

Good Morning,

As instructed in the downloaded Request for Proposals, I am requesting to be added to the City's vendor list so we may be notified of any addendums.

Roxanna De Leon
PlainsCapital Bank
Vice President | Public Funds Officer
direct 956-380-8506
roxanna.deleon@plainscapital.com

Thank you.

Roxanna De Leon

Vice President | Public Funds Officer
direct 956-380-8506 | fax 956-385-3517 | mobile 956.369.9184
100 E. Nolana | Pharr, TX 78577

roxanna.deleon@plainscapital.com | PlainsCapital.com



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Mayor: Mario Garza
Mayor Pro-Tem: Leonardo “Lenny” Sanchez
Commissioners: Jesus “Jesse” Ramirez
Ernesto “Neto” Guajardo
Marco “Markie” Villegas

September 5, 2019

Respondents to RFP # 19-09-09-17

Dear Sir and/or Madam:

As of today, we have received the following questions from an institution interested in submitting a proposal to our RFP # 19-09-09-17 – Depository Services Request for Sealed Proposals. Please see our responses herein as well.

Will the City accept AAA and AA Rated municipal securities as pledged collateral?

A. Yes, the City of San Juan will accept AAA and AA municipal securities as pledged collateral.

Will the City accept a third-party collateral custodian other than the FRB?

The City of San Juan shall accept only the following as security collateral:

- A. FDIC Insurance coverage
- B. U.S. Treasury obligations and government agency securities, specifically those issued by the Federal Home Land Bank, The Federal National Mortgage association, the Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank, excluding mortgage-backed securities.

Is the City willing or able to provide an account analysis statement (with charges and rated redacted) so that potential bidders can understand the balance, services and activity levels the City is accustomed to receiving and using?

A. Yes, currently our bank is working on the analysis.

If you have any other questions, please email them to Rene J. Jaime at RJ Jaime@sjtx.us. Thank you.

Sincerely,

Rene J. Jaime
Purchasing / Risk Manager

709 S. Nebraska Ave. • San Juan, Texas 78589-2649
Phone: (956)223-2200 • Fax: (956) 787-5978

Roxanna De Leon

From: Rene Jaime <rjaime@sjtx.us>
Sent: Friday, September 6, 2019 4:44 PM
To: Roxanna De Leon
Subject: Re: Questions and Answers regarding RFP # 19-09-09-17
Attachments: Account Analysis Statement July 2019 RFP # 19-09-09-17.pdf

** External Sender **

Good afternoon,

Also attached is our account analysis statement for July 2019.

Rene J. Jaime
Purchasing / Risk Manager
City of San Juan, Texas
www.cityofsanjuantexas.com
Ph: (956) 223-2204
Cl: (956) 821-4047
Fx: (956) 223-2396

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On Fri, Sep 6, 2019 at 4:36 PM Rene Jaime <rjaime@sjtx.us> wrote:
Good afternoon,

Please see the attached questions we have received from another institution regarding RFP # 19-09-09-17 and our responses for your consideration. Thank you for your interest in working with the City of San Juan.

Rene J. Jaime
Purchasing / Risk Manager
City of San Juan, Texas
www.cityofsanjuantexas.com
Ph: (956) 223-2204
Cl: (956) 821-4047
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On Fri, Sep 6, 2019 at 1:17 PM Rene Jaime <rjaime@sjtx.us> wrote:

Good afternoon,

Your email has been received. Thank you for your interest in continuing to work with the City of San Juan.

Rene J. Jaime

Purchasing / Risk Manager

City of San Juan, Texas

www.cityofsanjuantexas.com

Ph: (956) 223-2204

Cl: (956) 821-4047

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On Fri, Sep 6, 2019 at 11:50 AM Roxanna De Leon <roxanna.deleon@plainscapital.com> wrote:

Good Morning,

As instructed in the downloaded Request for Proposals, I am requesting to be added to the City's vendor list so we may be notified of any addendums.

Roxanna De Leon

PlainsCapital Bank

Vice President | Public Funds Officer

direct 956-380-8506

roxanna.deleon@plainscapital.com

Thank you.

Roxanna De Leon

Vice President | Public Funds Officer

direct 956-380-8506 | fax 956-385-3517 | mobile 956.369.9184

100 E. Nolana | Pharr, TX 78577

roxanna.deleon@plainscapital.com | PlainsCapital.com



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Name City Of San Juan
 Account (338) C XX118
 Currency USD
 From Jul-19
 Through Jul-19
 Display Service volume
 Export Date 9/6/2019

Code	Description	Jul-19 Total	Average	Product group 1	AFP Code
503	Stop Payments	2	2	2 CLR	15 04 20
736	ACH Credits	192	192	192 DEP	25 02 01
796	Force Post Debit	2	2	2 CLR	01 01 00
818	Deposit Return Item	2	2	2 DEP	10 04 00
824	Outgoing Wires - Web	2	2	2 FUN	35 01 00
941	ACH Debits	67	67	67 CLR	25 02 00
30001	Bos - Per Account Fee	4	4	4 RPT	01 10 02
93400	ACH File Upload Service	1	1	1 ACH	25 00 00
93404	ACH Module	1	1	1 ACH	25 00 00
93447	Wire Module	1	1	1 FUN	35 00 00
93455	Bank Admin Maintenance	1	1	1 MIS	01 08 20
93535	ACH Reporting	1	1	1 ACH	25 07 99
97142	ACH Orig - Return Items	2	2	2 ACH	25 04 00
97147	ACH File Input - Bos Transmission	8	8	8 ACH	25 05 05
99013	Cash Deposited	153600	153600	153600 DEP	10 00 15
G1	Checks Paid	408	408	408 CLR	15 01 00
G2	On Us Checks	38	38	38 DEP	10 02 20
G3	Image Clear Checks	368	368	368 DEP	10 02 23
G4	Image Clear Direct Checks	958	958	958 DEP	10 02 26
G6	Deposits	45	45	45 DEP	01 01 01
G7	Credit Memos	4	4	4 DEP	01 01 01
G9	Transfer Credits	13	13	13 DEP	01 01 01
G10	Transfer Debits	9	9	9 CLR	01 01 00
G11	ACH Originated Debit / Credits	1506	1506	1506 ACH	25 01 02
P818	Deposit Return Item	2	2	2 DEP	10 04 00
20000	Commercial Deposit Rate	15456172	15456171	15456172 ACC	00 02 30
21000	Analysis Maintenance	5	5	5 ACC	01 00 00

Roxanna De Leon

From: Rene Jaime <rjaime@sjtx.us>
Sent: Thursday, September 12, 2019 2:56 PM
To: Roxanna De Leon
Subject: Fwd: Depository Services RFQ # 19-09-09-17 / City of San Juan
Attachments: AMENDED DEPOSITORY-CONTRACT-PROPOSAL-19-09-09-17.002.docx

** External Sender **

Good afternoon.

Roxanna,

Please see that we have extended the deadline to the above RFQ to 9/25/19 at 10 AM. Please also see some additional clarifications and instructions provided on page 8.

Please email if you have any questions. Thank you.

Rene J. Jaime
Purchasing / Risk Manager
City of San Juan, Texas
www.cityofsanjuantexas.com
Ph: (956) 223-2204
Cl: (956) 821-4047
Fx: (956) 223-2396

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Roxanna De Leon

From: Rene Jaime <rjaime@sjtx.us>
Sent: Tuesday, September 17, 2019 4:54 PM
To: Roxanna De Leon
Subject: Re: Depository Services RFQ # 19-09-09-17 / City of San Juan

** External Sender **

Good afternoon,

No problem, please provide one original and an electronic copy on a flash drive usb. Thank you.

Rene J. Jaime
Purchasing / Risk Manager
City of San Juan, Texas
www.cityofsanjuantexas.com
Ph: (956) 223-2204
Cl: (956) 821-4047
Fx: (956) 223-2396

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[Encrypted Drop Box](#)

On Tue, Sep 17, 2019 at 4:52 PM Roxanna De Leon <roxanna.deleon@plainscapital.com> wrote:

Good Afternoon Rene,

I apologize if I missed this on the RFP. How many copies of the proposal should we prepare for the City? Is an electronic copy required as well?

Thank you.

Roxanna De Leon

Vice President | Public Funds Officer

direct 956-380-8506 | fax 956-385-3517 | mobile 956.369.9184

100 E. Nolana | Pharr, TX 78577

roxanna.deleon@plainscapital.com | PlainsCapital.com



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Attachment A



SAMPLE PROFORMA
Model Analysis Date

Jul-19

Average Balances On Deposit

Collected Balance Disclosure

Ledger	3,000,000.00
- Float	0.00
= Collected	<u>3,000,000.00</u>

Investable Balance Disclosure

	3,000,000.00
- Reserve requirement	0.00
= Investable Balance	<u>3,000,000.00</u>

Analysis Results

Required Balance Disclosure

Balance Required For Services	1,242,214.77
= Total Required Balance	<u>1,242,214.77</u>

Balance Position Disclosure

Balance Position Basis	3,000,000.00
- Total Required Balance	1,242,214.77
=	<u>1,757,785.23</u>

Proposed

Earnings Credit Amount on \$3MM Collected Balance @ 1.55%	3,821.92
- Analyzed fees	1,222.95
= Net Analyzed Result	<u>2,598.97</u>
Total Due to Bank	0.00

\$1.00 of fees is equal to \$784.95 of Investable Balance.
 Investable Balance receives a proposed earnings credit of 1.550000%.

Services Performed

Services Performed	Proposed Volume	Proposed Price	Proposed Total Fee
ACCOUNT MAINTENANCE			
COMMERCIAL DEPOSIT RATE	250,000	.001000	0.00
COMMERCIAL DEPOSIT RATE	2,750,000	.001500	0.00
COMMERCIAL DEPOSIT RATE	3,000,000		0.00
ANALYSIS MAINTENANCE	5	14.0000	70.00
ZBA MASTER	1	30.0000	30.00
ZBA SUB ACCT	1	20.0000	20.00
Subtotal - ACCOUNT MAINTENANCE			120.00
DEPOSIT SERVICES			
ON US CHECKS	38	.1000	3.80
IMAGE CLEAR CHECKS	368	.1000	36.80
IMAGE CLEAR DIRECT CHECKS	958	.1000	95.80
DEPOSITS	45	.3000	13.50
CREDIT MEMOS	4	.3000	1.20
TRANSFER CREDITS	13	.3000	3.90
ACH CREDITS	192	.2000	38.40
DEPOSIT RETURN ITEM	2	10.0000	20.00

CASH DEPOSITED	153,600	.00050000	76.80
Subtotal - DEPOSIT SERVICES			290.20
CLEARING SERVICES			
CHECKS PAID	408	.2000	81.60
TRANSFER DEBITS	9	.2000	1.80
STOP PAYMENTS	2	30.0000	60.00
FORCE POST DEBIT	2	.2000	0.40
ACH DEBITS	67	.1500	10.05
Subtotal - CLEARING SERVICES			153.85
FUNDS TRANSFER			
OUTGOING WIRES - WEB	2	15.0000	30.00
WIRE MODULE	1	30.0000	30.00
Subtotal - FUNDS TRANSFER			60.00
ACH SERVICES			
ACH ORIGINATED DEBIT / CREDITS	1,506	.1500	225.90
ACH FILE UPLOAD SERVICE	1	25.0000	25.00
ACH MODULE	1	10.0000	10.00
ACH ORIG - RETURN ITEMS	2	4.0000	8.00
ACH FILE INPUT - BOS TRANSMISSION	8	10.0000	80.00
Subtotal - ACH SERVICES			348.90
CASH MANAGEMENT SERVICES			
INSURED DEPOSIT SWEEP	1	150.0000	150.00
Subtotal - CASH MANAGEMENT SERVICES			150.00
INFORMATION REPORTING			
BOS - PER ACCOUNT FEE	5	10.0000	50.00
Subtotal - INFORMATION REPORTING			50.00
REMOTE DEPOSIT CAPTURE			
RDC MONTHLY MAINTENANCE	1	50.0000	50.00
RDC MULTI FEED	1	.00	0.00
Subtotal - REMOTE DEPOSIT CAPTURE			50.00
Total Analyzed Fees			1,222.95

*Volumes listed are consistent with volumes provided for July 2019 Analysis Statement.

Any additional services not listed and City chooses to enroll in will be charged at the Bank's then published rate.

Attachment B

Pledgee Agreement Form

To: Federal Reserve Bank of Boston

600 Atlantic Avenue

Boston, MA 02210

Attn: Wholesale Operations/Joint Custody

Tel: 800-327-0147, Option #4

Fax: 877-973-8972

Date: _____

We, the _____ agree to the terms of **Appendix C** of your **Operating Circular 7**, dated August 19, 2005, as it may be amended from time to time with respect to the account on your books designated _____. (4 digit alpha-numeric account number)

We further agree that you may accept par for par substitutions: securities from the Pledgor as a replacement of, or in substitution for, those securities presently held (please check one):

☐

NO (Instructions required for each withdrawal)

☒

YES (Standing approval)

Provided that the replacement or substitution does not reduce the aggregate par amount of securities held in custody for us. (See **Operating Circular 7, Appendix C, Section 4.3.**)

We authorize you to use the following call-back procedure for securities transactions pertaining to this account (please check one):

☒

Three-party call-back

☐

Four-party call-back

We certify that the individuals listed below may take authoritative action on our behalf with respect to the account, including a direction to release collateral from the account. You may rely on the authority of these individuals with respect to the account until we otherwise notify you.

Telephone: _____

Print Name: _____ Title: _____

Fax: _____

Signature: _____ Date: _____

Telephone: _____

Print Name: _____ Title: _____

Fax: _____

Signature: _____ Date: _____

Telephone: _____

Print Name: _____ Title: _____

Fax: _____

Signature: _____ Date: _____

Pledgee Agreement

(page 2 of 2)

Telephone: _____

Print Name: _____ Title: _____

Fax: _____

Signature: _____ Date: _____

The Undersigned hereby certifies that he/she is the present lawful incumbent of the designated public office.

Pledgee

Name of governmental unit

Street Address or P.O Box Number

City, State, Zip Code

Official Signature/ **Date**

Printed Name and Title

Notary

State of _____

County of _____

On this ____ day of _____, 20__ before me personally appeared _____, to me personally known or satisfactorily proven, who by me duly sworn, did depose and say that he/she resides at _____, in the City of _____, in the State of _____, that he/she is the _____ [Title] of _____ and that he/she executed this document on behalf of _____ before me.

(Signature of Notary)

(Print name of Notary)

My commission expires on _____ [Date]

PLAINSCAPITAL BANK DEPOSITORY CONTRACT

This PlainsCapital Bank Depository Contract (this “Contract”) is entered into as of this ____ day of _____, 20__ (the “Effective Date”), by and between PlainsCapital Bank, a Texas state banking association (“Bank”) and _____, a _____ (“Customer”).

WHEREAS, pursuant to the Public Funds Collateral Act, Title 10, Chapter 2257 of the Texas Government Code (the “Act”), Customer qualifies as a Public Entity;

WHEREAS, Customer has designated Bank as a depository institution for certain of its funds and Bank has agreed to act as a depository institution for such funds in accordance with the Act, which Act requires that Bank secure such deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation (the “FDIC”), by pledging certain securities (“Eligible Securities”) of any type permitted by the Act to be held by Custodian (as defined below) as set forth herein; and

WHEREAS, Customer and Bank wish to enter into this Contract to set forth the terms applicable to the aforementioned depository relationship.

NOW, THEREFORE, for and in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bank and Customer hereby agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Act.
2. Designation of Depository. Customer, through action of its Board of Directors or other governing body (the “Board”), hereby designates Bank as a depository of funds for the period beginning on the Effective Date and continuing through and including _____ (the “Term”).
3. Designation of Authorized Representatives. Attached hereto as Exhibit A is a copy of Customer’s Resolution, which has been provided to Bank, containing the names and signatures of those Customer authorized representatives (each a “Customer Authorized Representative” and collectively the “Customer Authorized Representatives”), as designated by the Board, who may transact business pursuant to this Contract on behalf of Customer, which Resolution may be changed or modified from time to time at the discretion of Customer; provided, however, that any such changes or modifications shall not be effective until Bank has received notice of any such changes or modifications and has had a reasonable opportunity to incorporate the same.
4. Grant of Security Interest. Bank hereby grants to Customer a security interest in all Eligible Securities held by Custodian and reflected on Custodian’s records as being pledged to Customer (the “Collateral”). Until Customer has the right to compel sale of the Collateral under Section 9 hereof, Custodian shall act only in accordance with the joint instructions of Bank and Customer with regard to the Collateral; provided, however, that Bank shall be permitted to unilaterally substitute Eligible Securities for the Collateral in accordance with Section 7 hereof. All funds on deposit with Bank to the credit of Customer, inclusive of any applicable interest, in excess of FDIC insurance shall be secured at all times by the Collateral.
5. Custodian. Customer acknowledges and agrees that The Federal Reserve Bank of Dallas, and/or any such other entity as may be designated by Bank from time to time in its sole and absolute discretion, shall serve as Custodian hereunder. Customer hereby agrees to complete the custodial

agreement attached hereto as Exhibit B and to deliver such completed custodial agreement to Bank simultaneously with the delivery of its executed copy of this Contract. Customer further agrees to complete such additional custodial agreements or other similar and/or related documents as may be provided by Bank from time to time in accordance with this Section 5.

6. Amount of Collateral. The aggregate market value of Eligible Securities held by Custodian at all times during the Term hereof must be in an amount not less than _____ percent (____%) of (a) the amount of the collected funds on deposit, increased by (b) the amount of accrued but uncredited interest, (c) reduced by that portion of the funds insured by the FDIC. Such amount is hereinafter called the "Required Collateral Value".
7. Substitution of Collateral. Bank may substitute Eligible Securities for any of the Collateral held by Custodian at any time by providing Custodian with a substitution notice signed by an authorized representative of Bank, provided that the market value of the Collateral following such substitution would equal or exceed the Required Collateral Value. Customer may require Bank to obtain prior authorization from Customer for any such substitution of Collateral by providing Bank with written notice of such requirement; provided, however, that (a) in no event shall Customer unreasonably withhold, condition or delay its authorization of any such substitution of Collateral, and (b) Bank shall have a reasonable time to act upon any such written notice once received by Bank.
8. Bank's Obligations. Bank shall perform all of the duties and obligations required of a depository institution under applicable law with respect to the collateralization of the funds of Customer on deposit with Bank, including the duties and obligations required under the Act. At the expiration of the Term of this Contract, Bank shall turn over to any successor depository designated by Customer all funds held by Bank as depository. Bank with furnish to Customer a monthly statement listing a description of the Collateral, which shall specify the par value, the market value and the maturity date of each component of the Collateral.
9. Default and Remedies. If Bank (a) fails to perform its obligations under Section 8 hereof, (b) is declared insolvent, or (c) has a receiver is appointed for Bank (whether (a), (b) and/or (c), a "Default"), Customer may instruct Custodian to sell the Collateral or any part thereof at public or private sale, after providing Bank not less than seven (7) business days' prior written notice of such Default with an opportunity to cure the same within such seven (7) day period, and if Bank fails to cure such Default, Custodian shall proceed to sell the specified Collateral in accordance with Customer's instructions and upon receipt of sufficient evidence from Customer showing (x) the alleged Default, (y) the giving of proper notice to Bank and (z) Bank's failure to cure such Default. The proceeds of any such sale shall be applied to satisfy any indebtedness owed by Bank to Customer, and any excess proceeds shall be returned to Bank.
10. Termination. This Contract may be terminated at any time by either party following the expiration of the Term by giving sixty (60) days' prior written notice to the other party.
11. Assignment. This Contract may not be assigned in whole or in part by either party without the prior written consent of the non-assigning party.
12. Applicable Law. This Contract shall be governed by and construed in accordance with the laws of the State of Texas, without regard to its conflicts of laws rules.
13. Other Agreements. Notwithstanding anything to the contrary contained herein, all deposit accounts of Customer at Bank, and all services provided to Customer by Bank, shall be subject to that certain PlainsCapital Bank Commercial Deposit Account Agreement and those certain Treasury

Management Services Terms and Conditions (together, the “Additional Account Documents”), in effect from time to time, and as modified from time to time by Bank in accordance with the provisions of such Additional Account Documents.

14. Severability. If any provision of this Contract is held to be illegal, invalid or unenforceable under present or future laws effective during the Term hereof, such provisions shall be fully severable; this Contract shall be construed and enforced as if such severed provision had never comprised a part hereof; and the remaining provisions of this Contract shall remain in full force and effect and shall not be affected by the severed provision or by its severance from this Contract.
15. Successors and Assigns. This Contract shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.
16. Waiver. No waiver of any provisions or of any right or remedy hereunder shall be effective unless in writing and signed by both parties’ authorized representatives. No delay in exercising, or no partial exercise of any right or remedy hereunder, shall constitute a waiver of any right or remedy, or future exercise thereof.
17. Notice. Any notice given by either party hereunder shall be deemed served, if delivered in person to the office of the representative authorized and designated in writing to act for the respective party, or upon receipt on a regular business day of recipient if via fax with an electronic confirmation; or three business days after deposit in the U.S. mail, return receipt requested, properly stamped with the required postage and addressed to the office of such representative, at the respective addresses set forth below.

If to Bank:

PlainsCapital Bank

If to Customer:

18. Headings. The headings used in this Contract are for convenience and reference purposes only and may not be used in interpreting this Contract.
19. Entire Agreement. This Contract constitutes the entire agreement between the parties with respect to the subject matter addressed herein and may not be amended or modified except by writing signed by both parties.
20. Multiple Counterparts. This Contract may be executed in separate or multiple counterparts by the parties, and all such counterparts shall be considered as one and the same instrument notwithstanding the fact that various counterparts are signed by only one of the parties. An electronic or facsimile transmission of a signed counterpart of this Contract shall be sufficient to bind the party or parties whose signature(s) appear thereon.

Remainder of Page Intentionally Left Blank. Signature Page Follows.

IN WITNESS WHEREOF, Bank and Customer have caused this Contract to be executed by their duly authorized representatives as of the Effective Date hereof.

BANK:

PlainsCapital Bank,
a Texas banking association

By: _____
Name: _____
Title: _____

CUSTOMER:

_____,
a _____

By: _____
Name: _____
Title: _____

EXHIBIT A
RESOLUTION

(Attached)

EXHIBIT B

CUSTODIAL AGREEMENT

(Attached)

**BANK RESOLUTION
PLAINSCAPITAL BANK
PLEDGING AUTHORIZATION**

I, Eddie Ricks, Secretary of PlainsCapital Bank (the “Bank”) located in the City of Dallas, State of Texas, do certify that at a meeting of the Board of Directors of this Bank held on _____, 20____, the following resolution was adopted and is in full force and effect on the date hereof without amendment or modification:

RESOLVED, that PlainsCapital Bank, being desirous to obtain public funds and deposits from municipal entities, is hereby empowered and authorized to pledge eligible securities and Federal Home Loan Bank letters of credit to secure these funds and deposits from _____ in a manner consistent with the laws of the State of Texas and the Investment Policy of PlainsCapital Bank.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of the Bank this ____ day of _____, 20____.

Secretary

(SEAL)

Attachment C



Statement of Activity

Bank name: PlainsCapital Bank
 Report created: 03/20/2017 06:18:18 PM (ET)
 Account: All accounts
 Date range: 2/18/2017 to 3/20/2017

Credits

Total reported amount: \$1.85
 Total reported items: 2

Posted Date	Posted Amount	Description
02/24/2017	\$0.35	MISCELLANEOUS CREDIT
03/06/2017	\$1.50	MISCELLANEOUS CREDIT

Debits

Total reported amount for all debits: (\$3.70)
 Total reported debits: 5

Check debits

Total reported amount: (\$1.85)
 Total reported items: 3

Check Number	Posted Date	Posted Amount	Description
1001	02/22/2017	(\$0.50)	PAID CHECK
1002	02/23/2017	(\$0.35)	PAID CHECK
1004	02/24/2017	(\$1.00)	PAID CHECK

Non-check debits

Total reported amount: (\$1.85)
 Total reported items: 2

Posted Date	Posted Amount	Description
02/24/2017	(\$0.35)	MISCELLANEOUS DEBIT
02/27/2017	(\$1.50)	BILL PAYMENT CHECK

Matched Issues

Total reported amount: \$0.00
 Total reported items: 0

No items to display

Account Reconciliation Statement

Date: 03/20/2017 06:19:29 PM (ET)
Account: 111322994 • *5539 • CHECKING • Prod Test *5539
Statement date range: 3/10/2017 to 3/16/2017
Statement created date: 03/17/2017 07:04 AM (ET)

Beginning Balance:		\$10.90
Credits:		
Deposits:	0 items	\$0.00
Other Credits:	0 items	\$0.00
Total Credits:	0 items	\$0.00
Debits:		
Check Debits:	0 items	\$0.00
Other Debits:	0 items	\$0.00
Total Debits:	0 items	\$0.00
Ending Balance:		\$10.90

Outstanding Issues:	555 items	\$1,572,787.11
Outstanding:	357 items	\$838,898.39
Future Dated:	0 items	\$0.00
Voids:	0 items	\$0.00
Stale:	198 items	\$733,888.72
Active Stops:	0 items	\$0.00

Statement Of Activity

Credits

Total Reported Amount:	\$0.00
Total Reported Items:	0

No items to display

Debits

Total reported amount of all debits:	\$0.00
Total reported debits:	0
Check debits	
Total Reported Amount:	\$0.00
Total Reported Items:	0

No items to display

Non-check debits

Total Reported Amount:	\$0.00
Total Reported Items:	0

No items to display

Matched Issues		
Total Reported Amount:		\$0.00
Total Reported Items:		0
No items to display		

Outstanding Issue Items		
Total reported amount for all issues:		\$1,572,787.11
Total reported issues:		555
Outstanding Issues		
Total Reported Amount:		\$838,898.39
Total Reported Items:		357

Check Number	Issued Date	Issued Amount
12000	03/02/2017	\$584.00
12001	03/02/2017	\$1,580.18
12002	03/02/2017	\$132.60
12003	03/02/2017	\$48.00
12004	03/02/2017	\$1,170.75
12005	03/02/2017	\$1,249.00
12006	03/02/2017	\$2,174.35
12007	03/02/2017	\$85.00
12008	03/02/2017	\$943.15
12009	03/02/2017	\$1,563.50
12010	03/02/2017	\$1,116.00
12011	03/02/2017	\$80.00
12012	03/02/2017	\$330.00
12013	03/02/2017	\$682.50
12014	03/02/2017	\$2,433.00
12015	03/02/2017	\$180.00
12016	03/02/2017	\$106.25
12017	03/02/2017	\$2,078.50
12018	03/02/2017	\$1,464.05
12019	03/02/2017	\$1,590.75
12020	03/02/2017	\$775.80
12021	03/02/2017	\$1,029.00
12022	03/02/2017	\$631.50
12023	03/02/2017	\$250.25
12024	03/02/2017	\$1,048.50

12025	03/02/2017	\$85.00
12026	03/02/2017	\$2,177.00
12027	03/02/2017	\$537.00
12028	03/02/2017	\$951.00
12029	03/02/2017	\$1,725.50
12030	03/02/2017	\$1,625.00
12031	03/02/2017	\$213.23
12032	03/02/2017	\$107.08
12033	03/02/2017	\$12,608.25
12034	03/02/2017	\$779.40
12035	03/02/2017	\$2,333.23
12036	03/02/2017	\$50.00
12037	03/02/2017	\$685.17
12038	03/02/2017	\$2,355.00
12039	03/02/2017	\$29,073.59
12040	03/02/2017	\$50.00
12041	03/02/2017	\$223.20
12042	03/02/2017	\$313.82
12043	03/02/2017	\$4,894.76
12044	03/02/2017	\$210.07
12045	03/02/2017	\$136.69
12046	03/02/2017	\$154.59
12047	03/02/2017	\$1,421.06
12048	03/02/2017	\$1,650.00
12049	03/02/2017	\$29,870.00
12050	03/02/2017	\$3,400.00
12051	03/02/2017	\$91.65
12052	03/02/2017	\$648.98
12053	03/02/2017	\$351.81
12054	03/02/2017	\$3,228.00
12055	03/02/2017	\$4,000.00
12056	03/02/2017	\$6,049.15
12057	03/02/2017	\$9,742.29
12058	03/02/2017	\$1,585.64
12059	03/02/2017	\$1,000.00
12060	03/02/2017	\$75.00
12061	03/02/2017	\$234.50
12062	03/02/2017	\$379.83
12063	03/02/2017	\$46.78
12064	03/02/2017	\$31.77
12065	03/02/2017	\$1,145.87
12066	03/02/2017	\$12,582.05
12067	03/02/2017	\$216.64
12068	03/02/2017	\$46,170.50
12069	03/02/2017	\$405.88
12070	03/02/2017	\$75.00
34005	11/01/2016	\$216.09
34006	11/01/2016	\$521.68

133547	03/02/2017	\$584.00
133548	03/02/2017	\$1,580.18
133549	03/02/2017	\$132.60
133550	03/02/2017	\$48.00
133551	03/02/2017	\$1,170.75
133552	03/02/2017	\$1,249.00
133553	03/02/2017	\$2,174.35
133554	03/02/2017	\$85.00
133555	03/02/2017	\$943.15
133556	03/02/2017	\$1,563.50
133557	03/02/2017	\$1,116.00
133558	03/02/2017	\$80.00
133559	03/02/2017	\$330.00
133560	03/02/2017	\$682.50
133561	03/02/2017	\$2,433.00
133562	03/02/2017	\$180.00
133563	03/02/2017	\$106.25
133564	03/02/2017	\$2,078.50
133565	03/02/2017	\$1,464.05
133566	03/02/2017	\$1,590.75
133567	03/02/2017	\$775.80
133568	03/02/2017	\$1,029.00
133569	03/02/2017	\$631.50
133570	03/02/2017	\$250.25
133571	03/02/2017	\$1,048.50
133572	03/02/2017	\$85.00
133573	03/02/2017	\$2,177.00
133574	03/02/2017	\$537.00
133575	03/02/2017	\$951.00
133576	03/02/2017	\$1,725.50
133577	03/02/2017	\$1,625.00
133578	03/02/2017	\$213.23
133579	03/02/2017	\$107.08
133580	03/02/2017	\$12,608.25
133581	03/02/2017	\$779.40
133582	03/02/2017	\$2,333.23
133583	03/02/2017	\$50.00
133584	03/02/2017	\$685.17
133585	03/02/2017	\$2,355.00
133586	03/02/2017	\$29,073.59
133587	03/02/2017	\$50.00
133588	03/02/2017	\$223.20
133589	03/02/2017	\$313.82
133590	03/02/2017	\$4,894.76
133591	03/02/2017	\$210.07
133592	03/02/2017	\$136.69
133593	03/02/2017	\$154.59
133594	03/02/2017	\$1,421.06

133595	03/02/2017	\$1,650.00
133596	03/02/2017	\$29,870.00
133597	03/02/2017	\$3,400.00
133598	03/02/2017	\$91.65
133599	03/02/2017	\$648.98
133600	03/02/2017	\$351.81
133601	03/02/2017	\$3,228.00
133602	03/02/2017	\$4,000.00
133603	03/02/2017	\$6,049.15
133605	03/02/2017	\$9,742.29
133606	03/02/2017	\$1,585.64
133607	03/02/2017	\$1,000.00
133608	03/02/2017	\$75.00
133609	03/02/2017	\$234.50
133610	03/02/2017	\$379.83
133611	03/02/2017	\$46.78
133612	03/02/2017	\$31.77
133613	03/02/2017	\$1,145.87
133614	03/02/2017	\$12,582.05
133616	03/02/2017	\$216.64
133617	03/02/2017	\$46,170.50
133618	03/02/2017	\$405.88
133619	03/02/2017	\$75.00
165000	03/02/2017	\$584.00
165001	03/02/2017	\$1,580.18
165002	03/02/2017	\$132.60
165003	03/02/2017	\$48.00
165004	03/02/2017	\$1,170.75
165005	03/02/2017	\$1,249.00
165006	03/02/2017	\$2,174.35
165007	03/02/2017	\$85.00
165008	03/02/2017	\$943.15
165009	03/02/2017	\$1,563.50
165010	03/02/2017	\$1,116.00
165011	03/02/2017	\$80.00
165012	03/02/2017	\$330.00
165013	03/02/2017	\$682.50
165014	03/02/2017	\$2,433.00
165015	03/02/2017	\$180.00
165016	03/02/2017	\$106.25
165017	03/02/2017	\$2,078.50
165018	03/02/2017	\$1,464.05
165019	03/02/2017	\$1,590.75
165020	03/02/2017	\$775.80
165021	03/02/2017	\$1,029.00
165022	03/02/2017	\$631.50
165023	03/02/2017	\$250.25
165024	03/02/2017	\$1,048.50

165025	03/02/2017	\$85.00
165026	03/02/2017	\$2,177.00
165027	03/02/2017	\$537.00
165028	03/02/2017	\$951.00
165029	03/02/2017	\$1,725.50
165030	03/02/2017	\$1,625.00
165031	03/02/2017	\$213.23
165032	03/02/2017	\$107.08
165033	03/02/2017	\$12,608.25
165034	03/02/2017	\$779.40
165035	03/02/2017	\$2,333.23
165036	03/02/2017	\$50.00
165037	03/02/2017	\$685.17
165038	03/02/2017	\$2,355.00
165039	03/02/2017	\$29,073.59
165040	03/02/2017	\$50.00
165041	03/02/2017	\$223.20
165042	03/02/2017	\$313.82
165043	03/02/2017	\$4,894.76
165044	03/02/2017	\$210.07
165045	03/02/2017	\$136.69
165046	03/02/2017	\$154.59
165047	03/02/2017	\$1,421.06
165048	03/02/2017	\$1,650.00
165049	03/02/2017	\$29,870.00
165050	03/02/2017	\$3,400.00
165051	03/02/2017	\$91.65
165052	03/02/2017	\$648.98
165053	03/02/2017	\$351.81
165054	03/02/2017	\$3,228.00
165055	03/02/2017	\$4,000.00
165056	03/02/2017	\$6,049.15
165057	03/02/2017	\$9,742.29
165058	03/02/2017	\$1,585.64
165059	03/02/2017	\$1,000.00
165060	03/02/2017	\$75.00
165061	03/02/2017	\$234.50
165062	03/02/2017	\$379.83
165063	03/02/2017	\$46.78
165064	03/02/2017	\$31.77
165065	03/02/2017	\$1,145.87
165066	03/02/2017	\$12,582.05
165067	03/02/2017	\$216.64
165068	03/02/2017	\$46,170.50
165069	03/02/2017	\$405.88
165070	03/02/2017	\$75.00
165071	03/02/2017	\$5.84
165072	03/02/2017	\$15.80

165073	03/02/2017	\$1.33
165074	03/02/2017	\$0.48
165075	03/02/2017	\$11.71
165076	03/02/2017	\$12.49
165077	03/02/2017	\$21.74
165078	03/02/2017	\$0.85
165079	03/02/2017	\$9.43
165080	03/02/2017	\$15.64
165081	03/02/2017	\$11.16
165082	03/02/2017	\$0.80
165083	03/02/2017	\$3.30
165084	03/02/2017	\$6.83
165085	03/02/2017	\$24.33
165086	03/02/2017	\$1.80
165087	03/02/2017	\$1.06
165088	03/02/2017	\$20.79
165089	03/02/2017	\$14.64
165090	03/02/2017	\$15.91
165091	03/02/2017	\$7.76
165092	03/02/2017	\$10.29
165093	03/02/2017	\$6.32
165094	03/02/2017	\$2.50
165095	03/02/2017	\$10.49
165096	03/02/2017	\$0.85
165097	03/02/2017	\$21.77
165098	03/02/2017	\$5.37
165099	03/02/2017	\$9.51
165100	03/02/2017	\$17.26
165101	03/02/2017	\$16.25
165102	03/02/2017	\$2.13
165103	03/02/2017	\$1.07
165104	03/02/2017	\$126.08
165105	03/02/2017	\$7.79
165106	03/02/2017	\$23.33
165107	03/02/2017	\$0.50
165108	03/02/2017	\$6.85
165109	03/02/2017	\$23.55
165110	03/02/2017	\$290.74
165111	03/02/2017	\$0.50
165112	03/02/2017	\$2.23
165113	03/02/2017	\$3.14
165114	03/02/2017	\$48.95
165115	03/02/2017	\$2.10
165116	03/02/2017	\$1.37
165117	03/02/2017	\$1.55
165118	03/02/2017	\$14.21
165119	03/02/2017	\$16.50
165120	03/02/2017	\$298.70

165121	03/02/2017	\$34.00
165122	03/02/2017	\$0.92
165123	03/02/2017	\$6.49
165124	03/02/2017	\$3.52
165125	03/02/2017	\$32.28
165126	03/02/2017	\$40.00
165127	03/02/2017	\$60.49
165128	03/02/2017	\$97.42
165129	03/02/2017	\$15.86
165130	03/02/2017	\$10.00
165131	03/02/2017	\$0.75
165132	03/02/2017	\$2.35
165133	03/02/2017	\$3.80
165134	03/02/2017	\$0.47
165135	03/02/2017	\$0.32
165136	03/02/2017	\$11.46
165137	03/02/2017	\$125.82
165138	03/02/2017	\$2.17
165139	03/02/2017	\$461.71
165140	03/02/2017	\$4.06
165141	03/02/2017	\$0.75
166071	03/02/2017	\$584.00
166072	03/02/2017	\$1,580.18
166073	03/02/2017	\$132.60
166074	03/02/2017	\$48.00
166075	03/02/2017	\$1,170.75
166076	03/02/2017	\$1,249.00
166077	03/02/2017	\$2,174.35
166078	03/02/2017	\$85.00
166079	03/02/2017	\$943.15
166080	03/02/2017	\$1,563.50
166081	03/02/2017	\$1,116.00
166082	03/02/2017	\$80.00
166083	03/02/2017	\$330.00
166084	03/02/2017	\$682.50
166085	03/02/2017	\$2,433.00
166086	03/02/2017	\$180.00
166087	03/02/2017	\$106.25
166088	03/02/2017	\$2,078.50
166089	03/02/2017	\$1,464.05
166090	03/02/2017	\$1,590.75
166091	03/02/2017	\$775.80
166092	03/02/2017	\$1,029.00
166093	03/02/2017	\$631.50
166094	03/02/2017	\$250.25
166095	03/02/2017	\$1,048.50
166096	03/02/2017	\$85.00
166097	03/02/2017	\$2,177.00

166098	03/02/2017	\$537.00
166099	03/02/2017	\$951.00
166100	03/02/2017	\$1,725.50
166101	03/02/2017	\$1,625.00
166102	03/02/2017	\$213.23
166103	03/02/2017	\$107.08
166104	03/02/2017	\$12,608.25
166105	03/02/2017	\$779.40
166106	03/02/2017	\$2,333.23
166107	03/02/2017	\$50.00
166108	03/02/2017	\$685.17
166109	03/02/2017	\$2,355.00
166110	03/02/2017	\$29,073.59
166111	03/02/2017	\$50.00
166112	03/02/2017	\$223.20
166113	03/02/2017	\$313.82
166114	03/02/2017	\$4,894.76
166115	03/02/2017	\$210.07
166116	03/02/2017	\$136.69
166117	03/02/2017	\$154.59
166118	03/02/2017	\$1,421.06
166119	03/02/2017	\$1,650.00
166120	03/02/2017	\$29,870.00
166121	03/02/2017	\$3,400.00
166122	03/02/2017	\$91.65
166123	03/02/2017	\$648.98
166124	03/02/2017	\$351.81
166125	03/02/2017	\$3,228.00
166126	03/02/2017	\$4,000.00
166127	03/02/2017	\$6,049.15
166128	03/02/2017	\$9,742.29
166129	03/02/2017	\$1,585.64
166130	03/02/2017	\$1,000.00
166131	03/02/2017	\$75.00
166132	03/02/2017	\$234.50
166133	03/02/2017	\$379.83
166134	03/02/2017	\$46.78
166135	03/02/2017	\$31.77
166136	03/02/2017	\$1,145.87
166137	03/02/2017	\$12,582.05
166138	03/02/2017	\$216.64
166139	03/02/2017	\$46,170.50
166140	03/02/2017	\$405.88
166141	03/02/2017	\$75.00

Future Dated

Total Reported Amount:	\$0.00
Total Reported Items:	0

No items to display

Voids

Total Reported Amount: \$0.00

Total Reported Items: 0

No items to display

Stale

Total Reported Amount: \$733,888.72

Total Reported Items: 198

Check Number	Issued Date	Issued Amount
123	07/05/2016	\$10.00
5654	05/04/2016	\$12.55
5655	05/04/2016	\$102.88
5656	05/04/2016	\$714.85
5657	05/04/2016	\$11,012.55
5658	05/04/2016	\$12.55
58401	08/18/2016	\$6,955.56
58402	08/18/2016	\$199.00
58403	08/18/2016	\$1,870.22
58404	08/18/2016	\$75.00
58405	08/18/2016	\$141.83
58406	08/18/2016	\$102.00
58407	08/18/2016	\$84.25
58408	08/18/2016	\$39.88
58409	08/18/2016	\$246.10
58410	08/18/2016	\$258.10
58411	08/18/2016	\$1,981.29
58412	08/18/2016	\$5,175.00
58413	08/18/2016	\$770.73
58414	08/18/2016	\$100.00
58415	08/18/2016	\$7,244.32
58416	08/18/2016	\$490.60
58417	08/18/2016	\$199.81
58418	08/18/2016	\$28.13
58419	08/18/2016	\$176.47
58420	08/18/2016	\$315.73
58421	08/18/2016	\$563.17
58422	08/18/2016	\$39.00
58423	08/18/2016	\$90.94
58424	08/18/2016	\$107.74
58425	08/18/2016	\$900.00
58426	08/18/2016	\$1,060.00
58427	08/18/2016	\$1,590.80
58428	08/18/2016	\$3,133.84
58429	08/18/2016	\$67.02

58430	08/18/2016	\$95.85
58431	08/18/2016	\$450.11
58432	08/18/2016	\$150.73
58433	08/18/2016	\$3,459.91
58434	08/18/2016	\$364.23
58435	08/18/2016	\$1,028.38
58436	08/18/2016	\$692.02
58437	08/18/2016	\$50.88
58438	08/18/2016	\$796.72
58439	08/18/2016	\$290.29
58440	08/18/2016	\$260,858.79
58441	08/18/2016	\$67.52
58442	08/18/2016	\$56,394.81
58443	08/18/2016	\$6,614.08
58444	08/18/2016	\$490.75
58445	08/18/2016	\$743.79
58446	08/18/2016	\$4,250.00
58447	08/18/2016	\$435.62
58448	08/18/2016	\$174.94
58449	08/18/2016	\$3,083.03
58450	08/18/2016	\$992.55
58451	08/18/2016	\$36.31
58452	08/18/2016	\$584.30
58453	08/18/2016	\$281.00
58454	08/18/2016	\$2,901.78
58455	08/18/2016	\$446.88
58456	08/18/2016	\$123.41
58457	08/18/2016	\$204.00
58458	08/18/2016	\$473.22
58459	08/18/2016	\$200.00
58460	08/18/2016	\$201.66
58461	08/18/2016	\$142.00
58463	08/18/2016	\$847.86
58464	08/18/2016	\$6.47
58465	08/18/2016	\$4,140.56
58466	08/18/2016	\$200.00
58467	08/18/2016	\$23,215.39
58468	08/18/2016	\$1,396.15
58469	08/18/2016	\$18,818.97
58470	08/18/2016	\$217.00
58471	08/18/2016	\$774.07
58472	08/18/2016	\$250.25
58473	08/18/2016	\$18,783.00
58474	08/18/2016	\$23,066.34
58475	08/18/2016	\$283.25
58476	08/18/2016	\$100.00
58477	08/18/2016	\$12,364.17
58478	08/18/2016	\$109.83

58479	08/18/2016	\$222.50
58480	08/18/2016	\$1,422.31
58481	08/18/2016	\$350.00
58482	08/18/2016	\$9,748.84
90905	08/19/2016	\$5,331.25
90906	08/19/2016	\$36.92
90912	08/22/2016	\$959.90
90913	08/23/2016	\$406.90
90914	08/24/2016	\$23,403.50
90915	08/25/2016	\$1,463.16
90916	08/26/2016	\$2,045.03
98765	04/14/2016	\$125.36
98766	04/14/2016	\$568.94
98767	04/14/2016	\$1,584.22
131290	08/16/2016	\$245.00
131291	08/16/2016	\$1,323.00
131292	08/16/2016	\$718.00
131293	08/16/2016	\$2,221.75
131294	08/16/2016	\$1,560.00
131295	08/16/2016	\$3,453.85
131296	08/16/2016	\$85.00
131297	08/16/2016	\$314.60
131298	08/16/2016	\$1,184.80
131299	08/16/2016	\$40.00
131300	08/16/2016	\$950.00
131301	08/16/2016	\$237.60
131302	08/16/2016	\$100.00
131303	08/16/2016	\$150.50
131304	08/16/2016	\$90.00
131305	08/16/2016	\$2,061.50
131306	08/16/2016	\$180.00
131307	08/16/2016	\$127.50
131308	08/16/2016	\$1,053.50
131309	08/16/2016	\$354.50
131310	08/16/2016	\$720.00
131311	08/16/2016	\$1,399.00
131312	08/16/2016	\$1,362.00
131313	08/16/2016	\$838.75
131314	08/16/2016	\$42.50
131315	08/16/2016	\$85.00
131316	08/16/2016	\$1,774.50
131317	08/16/2016	\$325.80
131318	08/16/2016	\$2,312.00
131319	08/16/2016	\$1,840.00
131320	08/16/2016	\$1,053.50
131321	08/16/2016	\$213.23
131322	08/16/2016	\$99.23
131324	08/16/2016	\$213.23

131325	08/16/2016	\$99.23
131326	08/16/2016	\$880.70
131327	08/16/2016	\$1,192.54
131328	08/16/2016	\$11,563.00
131329	08/16/2016	\$220.00
131330	08/16/2016	\$355.95
131331	08/16/2016	\$586.00
131332	08/16/2016	\$137.89
131333	08/16/2016	\$80.00
131334	08/16/2016	\$551.28
131335	08/16/2016	\$191.20
131336	08/16/2016	\$4,947.09
131337	08/16/2016	\$2,678.28
131338	08/16/2016	\$111.35
131339	08/16/2016	\$973.36
131340	08/16/2016	\$1,992.10
131341	08/16/2016	\$200.66
131342	08/16/2016	\$532.60
131343	08/16/2016	\$1,893.24
131344	08/16/2016	\$0.00
131345	08/16/2016	\$353.27
131346	08/16/2016	\$43.81
131347	08/16/2016	\$507.48
131348	08/16/2016	\$1,197.91
131349	08/16/2016	\$29.97
131350	08/16/2016	\$793.66
131351	08/16/2016	\$4,549.12
131352	08/16/2016	\$172.01
131353	08/16/2016	\$53.00
131354	08/16/2016	\$359.50
131355	08/16/2016	\$152.18
131356	08/16/2016	\$13,634.62
131357	08/16/2016	\$243.54
131358	08/16/2016	\$92.90
131359	08/16/2016	\$50.00
131360	08/16/2016	\$2,656.50
131361	08/16/2016	\$289.74
131362	08/16/2016	\$135.00
131363	08/16/2016	\$146.10
131364	08/16/2016	\$3,408.00
131365	08/16/2016	\$8,039.00
131366	08/16/2016	\$649.50
131367	08/16/2016	\$1,920.84
131368	08/16/2016	\$93.20
131369	08/16/2016	\$0.00
131370	08/16/2016	\$174.67
131371	08/16/2016	\$910.23
131372	08/16/2016	\$492.80

131373	08/16/2016	\$874.98
131374	08/16/2016	\$1,300.09
131375	08/16/2016	\$0.00
131376	08/16/2016	\$2,144.15
131377	08/16/2016	\$1,699.53
131378	08/16/2016	\$1,750.00
131379	08/16/2016	\$899.47
131380	08/16/2016	\$60.00
131381	08/16/2016	\$74,405.50
131382	08/16/2016	\$30.90
131383	08/16/2016	\$63.94
131384	08/16/2016	\$64.00
131385	08/16/2016	\$1,585.44
131386	08/16/2016	\$250.74
131387	08/16/2016	\$182.47
131388	08/16/2016	\$389.99
131389	08/16/2016	\$3,691.15
131390	08/16/2016	\$236.90
123456789123456	06/28/2016	\$1.00

Active Stops

Total Reported Amount:	\$0.00
Total Reported Items:	0

No items to display

Previously Cycled Issues

Total Reported Amount:	\$0.00
Total Reported Items:	0

No items to display	No items to display	No items to display
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Attachment D

PLAINS CAPITAL BANK

Treasury Services Order Form

Wire Transfer Authorization Form

The purpose of this form is to obtain information and authorization to update your Wire Transfer Service with PlainsCapital Bank. Please complete the form in its entirety. Incomplete forms may cause a delay in the setup process.

Company Name:

Business Online Services

☐ Domestic

☐ International

☐ Wire Transfer Upload

Account(s)

Customer authorizes that the below accounts be added to their Business Online Wire Transfer Service. Upon original implementation, any addition or removal of account(s) requires written notification by an Authorized Account Signer and/or an Authorized Officer of the Company.

Account Number	Account Number	Account Number

Customer Approval

By signing this Authorization Form, Customer represents and warrants that all selections, designations, and/or other instructions contained herein are accurate and have been authorized by Customer, that the Services requested herein shall be governed by the PlainsCapital Bank Treasury Management Services Terms & Conditions agreement or other contract governing the provision of Treasury Management services approved in writing by Bank, and that the signer listed below is an Authorized Signer and/or an Authorized Officer of the Company. Bank may rely on the information contained in this Authorization form until it has been revoked in writing by Customer and Bank has had a reasonable opportunity to act on any such revocation.

Please visit www.plainscapital.com/treasuryterms for a complete copy of the Treasury Management Services Terms & Conditions.

Authorized Signer (please print): _____

Signature:

**Effective upon receipt & approval
by Bank**

*Please send completed forms to: Treasury Management Support, Phone - 214.252.4005, Email - tmsupport@plainscapital.com

Attachment E



SAMPLE CITY
PO BOX 1234
SAMPLE TX 12345

FOR QUESTIONS ON YOUR ANALYSIS STATEMENT, PLEASE CALL
THE TREASURY MANAGEMENT OFFICE AT (214) 252-4005.

1 (338) D 1234567

Balance Summary

Average Ledger Balance	\$714,744.76
Less Average Float	\$5.90
Average Collected Balance	\$714,738.86
Average Negative Collected Balance	\$0.00
Average Positive Collected Balance	\$714,738.86
Investable Balance	\$714,738.86
Collected Balance	\$714,738.86
Less Balance Required for Services	\$0.00
Excess/(Deficit) Balance	\$714,738.86

Results Summary

Analyzed Results

Earnings Credit at 0.000000% of Balance	\$0.00
Less Total Analyzed Fees	\$115.39
Total Analyzed Results	(\$115.39)
Total Analyzed Service Charges This Statement	\$115.39

The Total Deficit Analyzed Result of \$115.39 will be Charged to Account 1234567 on 11/15/16.

Account Analysis
October 2016

SAMPLE CITY

Account Number	1234567
Settlement Period Ends	October 2016
Statement Date	November 8, 2016
	Page 2 of 3

Service Detail

Service Description	Volume	Unit Price	Total Fee	Balance Required
Account Maintenance				
Commercial Deposit Rate	\$250,000.00	0.100000%	\$21.17	
Commercial Deposit Rate	\$464,738.86	0.150000%	\$59.04	
Analysis Maintenance	1	\$10.0000	\$10.00	
BOS - Per Account Fee	1	\$10.0000	\$10.00	
Deposit Services				
Deposits	3	\$0.3000	\$0.90	
Clearing Services				
Checks Paid	61	\$0.2000	\$12.20	
Image Clear Checks	1	\$0.0800	\$0.08	
ACH Debits	10	\$0.2000	\$2.00	
Total Analyzed Fees			\$115.39	\$0.00
Total Fee Based Fees			\$0.00	
Total Waived Fees			\$0.00	

\$0.00 in Collected Balances Offset \$1.00 of Total Fees for all Analysis Based Services.

Account Analysis
October 2016

SAMPLE CITY

Account Number	1234567
Settlement Period Ends	October 2016
Statement Date	November 8, 2016
	Page 3 of 3

Historical Summary

Month	Average Ledger Balance	Average Collected Balance	Average Positive Collected Balance	Excess/ Deficit Balance	Earnings Credit Amount	Analysis Based Fees	Fee Based Fees	Service Charges Due
August	837,847	837,847	837,847	837,847	0	131	0	131
September	772,362	772,362	772,362	772,362	0	114	0	114
October	714,745	714,739	714,739	714,739	0	115	0	115

Average	774,985	774,983	774,983	774,983	0	120	0
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TAB 3



MOVE

YOUR FUNDS WITH

CONFIDENCE.

INSURED DEPOSIT SWEEP

Insured Deposit Sweep services provided by PlainsCapital Bank, which leverage a Promontory Insured Cash Sweep®, allow you to place your funds into a demand deposit account and:

Rest assured knowing your funds are eligible for multi-million-dollar FDIC insurance that's backed by the full faith and credit of the U.S. government.

Earn returns and put your money to work for you.

Access your funds with unlimited program withdrawals (using the ICS demand option).

Support your community by keeping the full amount of your deposit local.¹

Eliminate the ongoing tracking burdens associated with collateralization and the need to footnote uninsured deposits in financial statements if you are accustomed to these practices.

MONITOR YOUR ACCOUNTS ONLINE

You will receive a regular monthly statement showing your ICS balances and other key information. And you can check your ICS balances and track other important information online, 24/7, through a specifically designated Depositor Control Panel. Your confidential information remains protected.

HOW DOES IT WORK?

When PlainsCapital Bank places your funds using ICS, your deposit is sent from your PlainsCapital transaction account into deposit accounts at other ICS Network banks in amounts below \$250,000, the standard FDIC insurance maximum. As a result, you can access FDIC insurance coverage from many institutions while working directly with just us.

CONTACT US

For more information on Insured Deposit Sweep, please contact your local Treasury Management representative.

When deposited funds are exchanged on a dollar-for-dollar basis with other banks in the ICS Network, a participating institution can use the full amount of a deposit placed through ICS for local lending, satisfying some depositors' local investment goals or mandates. Alternatively, with a depositor's consent to certain types of ICS transactions, the bank may choose to receive fee income instead of deposits from other banks. Under these circumstances, deposited funds would not be available for local lending.

Placement of funds through the ICS service is subject to the terms, conditions, and disclosures in the service agreements, including the Deposit Placement Agreement ("DPA"). Limits and customer eligibility criteria apply. In the ICS savings option, program withdrawals are limited to six per month. Although funds are placed at destination banks in amounts that do not exceed the FDIC standard maximum deposit insurance amount ("SMDIA"), a depositor's balances at the relationship institution that places the funds may exceed the SMDIA (e.g., before ICS settlement for a deposit or after ICS settlement for a withdrawal) or be ineligible for FDIC insurance (if the relationship institution is not a bank). As stated in the DPA, the depositor is responsible for making any necessary arrangements to protect such balances consistent with applicable law. If the depositor is subject to restrictions on placement of its funds, the depositor is responsible for determining whether its use of ICS satisfies those restrictions. ICS, Insured Cash Sweep, and Bank Safe, Bank Smart are registered service marks of Promontory Interfinancial Network, LLC.



Using ICS® for Public Funds In the State of Texas



Texas Government Code
Title 10 General Government
Subtitle F State and Local Contracts and Fund Management
Chapter 2256 Public Funds Investment
Subchapter A Authorized Investments for Government Entities
Sec. 2256.003. Authority to Invest Funds; Entities Subject to this Chapter.

(a) Each governing body of the following entities may purchase, sell, and invest its funds and funds under its control in investments authorized under this subchapter in compliance with investment policies approved by the governing body and according to the standard of care prescribed by Section 2256.006:

- (1) a local government;
- (2) a state agency;
- (3) a nonprofit corporation acting on behalf of a local government or a state agency; or
- (4) an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

Sec. 2256.002 Definitions

* * *

(7) "Local government" means a **municipality, a county, a school district**, a district or authority created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the State of Texas, and any nonprofit corporation acting on behalf of any of those entities.

Sec. 2256.009: Authorized Investments: Obligations of, or Guaranteed by, Governmental Entities

[As amended; effective immediately]

(a) Except as provided by Subsection (b), the following are authorized investments under this subchapter:

* * *

(7) interest-bearing banking deposits that are guaranteed or insured by:

- (A) the Federal Deposit Insurance Corporation or its successor; or
- (B) the National Credit Union Share Insurance Fund or its successor; and

(8) interest-bearing banking deposits other than those described by Subdivision (7) if:

(A) the funds invested in the banking deposits are invested through:

- (i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or
- (ii) a depository institution with a main office or branch office in this state that the investing entity selects;

(B) the broker or depository institution selected as described by Paragraph (A) arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account;

(C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and

(D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account:

- (i) the depository institution selected as described by Paragraph (A);
- (ii) an entity described by Section 2257.041(d); or
- (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

Texas Municipal Utility Districts (MUD)

Sec. 49.157 of the Texas Water Code provides that "All district [MUD] investments shall be governed by Subchapter A, Chapter 2256, Government Code [See Sec. 2256.009(a)(8) above]."



MOVE

YOUR FUNDS WITH

CONFIDENCE.

CDARS®

The standard FDIC insurance maximum is \$250,000 for each deposit insurance ownership category, per bank. However, by using Certificate of Deposit Account Registry Service® (CDARS) you can receive the same coverage through a single relationship. When you place your large-dollar deposit with PlainsCapital Bank, a member of the CDARS® Network, your deposit is divided into smaller amounts and placed with other CDARS® Network members – each an FDIC-insured institution. Those member institutions issue CDs in amounts under \$250,000, so that your deposit is eligible for FDIC insurance at each member bank. You can work directly with PlainsCapital Bank, but receive insurance from many institutions. One Relationship, One Rate, One Statement.

IMPORTANT FACTS

- CDARS® orders must be placed with PlainsCapital Bank by 3:00pm CT on Tuesday each week.
- Funds will be debited from your PlainsCapital Bank account on Wednesday morning the week of your investment. CDs are placed on Thursday each week.
- CDARS statements and notices are mailed to your address on file.
- CDARS CDs do not auto renew. PlainsCapital Bank will contact you prior to your maturity date to inquire about reinvestment or redemption. All redemptions and interest payments will be credited to your PlainsCapital Bank account.

CONTACT US

For more information on CDARS, please contact your local Treasury Management representative.

Placement of your funds through the ICS service or CDARS service is subject to the terms, conditions, and disclosures set forth in the agreements you enter into with us, including the applicable Deposit Placement Agreement. Limits apply, and customer eligibility criteria may apply. ICS program withdrawals are limited to six per month when using the ICS savings option. CDARS, ICS, and Insured Cash Sweep are registered service marks of Promontory Interfinancial Network, LLC.





Using CDARS® for Public Funds

In the State of Texas

House Bill 2226 (Signed by the Governor, effective 6/17/2011) amends Section 2256.010(b) of the Government Code to read as follows:

- b) In addition to the authority to invest funds in certificates of deposit under Subsection (a), an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this subchapter:
 - 1) the funds are invested by an investing entity through:
 - a. a broker that has its main office or a branch office in this state and is selected from a list adopted by the investing entity as required by Section 2256.025; or
 - b. a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;
 - 2) the broker or depository institution selected by the investing entity under Subdivision (1) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;
 - 3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
 - 4) the investing entity appoints the depository institution selected by the investing entity under Subdivision (1) or an entity described by Section 2257.041(d) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity.

TAB 4

Business Online Services Descriptions

After Bank has received the appropriate enrollment documents, completed all other required Bank documentation, and if the Bank agrees, Customer will be given access to PlainsCapital Bank's Business Online Services in accordance with the Bank's security provisions and the terms of the Treasury Management Services Terms & Conditions agreement.

Primary Users and Administrative Users

The Customer will appoint one individual as the Customer's Primary User. The role of the Primary User is to receive Customer level entitlement to Services immediately upon implementation by Bank. The Primary User may grant such entitlements to other Authorized Users who have been established by Customer, either in writing, or through the Create User function in Business Online Services.

The Primary User may appoint other users as Administrative Users granting them the ability to entitle other users in the same manner as the Primary User. Each Primary User and Administrative User has the ability to create other Authorized Users within Business Online Services. Customer is solely responsible for the actions of all Authorized Users and should safeguard Security Credentials as they are shared to new Authorized Users for accessing Business Online Services.

Dual Transaction Approval for ACH and Wire

As part of Bank's Standard Security, Bank strongly recommends that Dual Transaction Approval be selected by the Customer for the purpose of approving ACH and Wire transactions. Customer acknowledges that the Single Approval option is not covered by the Bank's Standard Security. Customer agrees that the Bank has established commercially reasonable steps to protect the Customer, even if Customer selects the option not covered by Bank's Standard Security. For all other issues regarding security, please refer to the terms of the Treasury Management Services Terms & Conditions agreement specifically as it relates to Internet Based Services.

Dual Administrative Approval

As part of Bank's Standard Security, Bank strongly recommends that Dual Administrative Approval be selected by the Customer for the purposes of creating or modifying the rights of Authorized Users of Business Online Services. Customer acknowledges that the Single Approval option is not covered by the Bank's Standard Security. Customer agrees that the Bank has established commercially reasonable steps to protect the Customer, even if Customer selects the option not covered by Bank's Standard Security. For all other issues regarding security, please refer to the terms of the Treasury Management Services Terms & Conditions agreement specifically as it relates to Internet Based Services.

Access & Cutoff Times

Business Online Services may be accessed 24 hours a day, unless otherwise noted by Bank. Authorized Users will, depending on the rights assigned to them, have access to balance reporting, account history information, and the different Treasury Management Services for which the Customer is enrolled. Some Services accessed through Business Online Services have specific Deadlines for processing on that Business Day.

ACH - 4:00 PM Central (5:00 PM Eastern)

Wires - 3:30 PM Central (4:30 PM Eastern)

Positive Pay - Exception Review and Decisions - 1:00 PM Central (2:00 PM Eastern)

Positive Pay - Check Issued File Uploads - None - However, to be considered for matching process, Customers should upload prior to 7:00 PM Central (8:00 PM Eastern) of the Bank clearing date of the check.

Authorization Tokens

PlainsCapital Bank requires all customers performing ACH and Wire transactions through Business Online Services to utilize a physical token in order to complete the approval process. The physical tokens are assigned to all ACH and Wire approvers upon execution of appropriate documentation.

Business Days

Business Days are all days except the following standard holidays that are observed by the Federal Reserve Banks:

All Saturdays

All Sundays

New Year's Day

Martin Luther King, Jr. Day

Presidents Day

Memorial Day

Independence Day

Labor Day

Columbus Day

Veterans Day

Thanksgiving Day

Christmas Day

If January 1, July 4, November 11, or December 25 falls on a Sunday, the following Monday is a standard Federal Reserve Bank holiday.

Business Online Services Security Provisions

If Customer elects and Bank agrees to offer Business Online Services, Customer agrees to be bound by the terms of the Treasury Management Services Terms & Conditions agreement specifically as it relates to Internet Based Services. For all Business Online Services Customers, it is their responsibility to see the information is not shared or given to unauthorized personnel.

Supported Browsers

Operating System	Apple Inc. Safari®	Microsoft Internet Explorer®	Microsoft Edge®	Mozilla Firefox®	Google Chrome™
Windows 7 64 bit	—	10, 11	—	44 or latest	48 or latest
Windows 8.1 32 bit	—	11	—	44 or latest	48 or latest
Windows 8.1 64 bit	—	11	—	44 or latest	48 or latest
Windows 10 32 bit	—	11	25 or latest	44 or latest	48 or latest
Windows 10 64 bit	—	11	25 or latest	44 or latest	48 or latest
Mac OS X 10.9 (Mavericks™)	9	—	—	—	—
Mac OS X 10.10 (Yosemite™)	9	—	—	—	—
Mac OS X 10.11 (El Capitan™)	9	—	—	—	—

Contact Us

Phone: 214.252.4005

Phone: 877.579.5919

Email: treasurymanagement@plainscapital.com

ACH Services Descriptions

After Bank has received appropriate enrollment documents, completed all other required Bank documentation, and if the Bank agrees, Customer may initiate credit and/or debit ACH Entries for payments and/or collections on Business Days to its accounts or the accounts of others in accordance with the Bank's security provisions and the terms of the Treasury Management Services Terms & Conditions agreement.

Deadlines

Bank has an established Deadline for the processing of ACH Entries. ACH Entry submissions received after Bank's established Deadline, or on any non-Business Day, will be considered received on the next Business Day. Unless otherwise negotiated, the Deadline for receiving ACH Entries is:

4:00 PM Central (5:00 PM Eastern)

Effective Date

The Effective Date is the date specified by the Originator on which it intends an Entry to be settled. Entries other than Returns and NOC items should specify an Effective Date. Entries will be sent to the Federal Reserve Bank based on the following guidelines:

Credit Items: 2 Business days before the effective date

Debit Items: 1 Business day before the effective date

Entries with an Effective Date greater than the above window will be warehoused until the above guidelines have been met. If the Entries have an Effective Date after the above guidelines, the Bank will send Entries on the date received, but cannot guarantee that the Entries will reach the destination by the designated Effective Date given. For example, if Credit Entries are given an Effective Date one day in advance, these Entries may not reach the receiving banks in a timely manner. Please note that Business Online Services cannot accept Entries with Effective Dates in the past.

Settlement Dates

Settlement is the actual transfer of funds for ACH Entries between financial institutions provided by the Federal Reserve Bank. If an Effective Date is not specified or if an Entry specifies an Effective Date the same as, or earlier than, this Bank's processing date, the Settlement Date is the banking day following our processing date. If an Entry specifies a Settlement Date that is a standard Federal Reserve Bank holiday, the Settlement Date is the next banking day for this Bank.

Business Days

Business Days are all days except the following standard holidays that are observed by the Federal Reserve Banks:

All Saturdays	Independence Day
All Sundays	Labor Day
New Year's Day	Columbus Day
Martin Luther King, Jr. Day	Veterans Day
Presidents Day	Thanksgiving Day
Memorial Day	Christmas Day

If January 1, July 4, November 11, or December 25 falls on a Sunday, the following Monday is a standard Federal Reserve Bank holiday.

Security

Customer may transmit their ACH Entries directly to the Bank using Business Online Services, through secure FTP to Business Online Services or direct to our ACH origination system.

ACH Entries via Business Online Services

Security Provisions

If Customer elects and Bank agrees to offer submission of ACH Entries via Business Online Services, Customer agrees to be bound by the

terms of the Treasury Management Services Terms & Conditions agreement specifically as it relates to Internet Based Services. Customer acknowledges the Bank's Standard Security as it relates to Business Online Services including:

- a. Two Authorized Users must approve each ACH Entry submitted via Business Online Services, authorization token required for final approver.
- b. Two Authorized Users must approve any changes to User Entitlements including the creation of Users.
- c. Daily transaction limits may be established from time to time by Bank. Those limits may or may not restrict Customer's ability to transmit Entries through Business Online Services. In any case, Customer agrees to be bound by those limits and agrees that Bank reserves the right to change limits without prior notice to Customer. Customer further agrees that if Bank elects to approve certain Entries above the Customer limit, Customer remains responsible for the entire amount of the Entry(s).

By waiving any of these Standard Security provisions, Customer agrees that the Bank has implemented commercially reasonable security standards and shall not be held liable for unauthorized activity submitted via Business Online Services.

ACH Entries via secure FTP through Business Online Services

Definition

File Transfer Protocol that utilizes transport layer security and secure sockets layer cryptographic protocols. With proper credentials an end-user can automate the transmittal of information using this protocol. Files transmitted through FTP are routed to Business Online Services for final approval.

Security Provisions

If Customer elects and Bank agrees to offer submission of ACH Entries via secure FTP through Business online Services, Customer agrees to be bound by the terms of the Treasury Management Services Terms & Conditions agreement specifically as it relates to Internet Based Services and Secure File Transfer System. Secure FTP is encrypted with an SSL connection using Triple DES 168 bit encryption where possible. A minimum encryption of 128 bit is required.

Customer acknowledges the Bank's Standard Security as it relates to Business Online Services including:

- a. At least one Authorized User must approve each ACH Entry submitted via secure FTP through Business Online Services, authorization token required for final approver.
- b. Two Authorized Users must approve any changes to User Entitlements including the creation of Users.
- c. Daily transaction limits may be established from time to time by Bank. Those limits may or may not restrict Customer's ability to transmit Entries through Business Online Services. In any case, you agree to be bound by those limits and agree that Bank reserves the right to change limits without prior notice to you. You further agree that if Bank elects to approve certain Entries above the Customer limit, you remain responsible for the entire amount of the Entry(s).

By waiving any of these Standard Security provisions, Customer agrees that the Bank has implemented commercially reasonable security standards and shall not be held liable for unauthorized activity submitted via Business Online Services.

ACH Entries via secure FTP ACH Direct Send

Definition

File Transfer Protocol that utilizes transport layer security and secure sockets layer cryptographic protocols. With proper credentials an end-user can automate the transmittal of information using this protocol. Files transmitted through FTP are routed directly to our ACH origination system for processing.

Security Provisions

If Customer elects and Bank agrees to offer submission of ACH Entries via secure FTP through Business online Services, Customer agrees to be bound by the terms of the Treasury Management Services Terms & Conditions agreement specifically as it relates to Internet Based Services and Secure File Transfer System. Secure FTP is encrypted with an SSL connection using Triple DES 168 bit encryption where possible. A minimum encryption of 128 bit is required.

Customer acknowledges that ACH Direct Send is not covered by Bank's Standard Security and choosing this method of Entry submission waives Customer's right to Standard Security as it relates to those Entries. By waiving any of these Standard Security provisions, Customer agrees that the Bank has implemented commercially reasonable security standards and shall not be held liable for unauthorized activity submitted via ACH Direct Send.

Contact Us

Phone: 806.472.2665

Fax: 866.908.1322

Email: ach@plainscapital.com

ACH Reports Service Descriptions

After Bank has received a signed copy of the PlainsCapital Bank ACH Reports Authorization Form, completed all other required Bank documentation, and if the Bank agrees, Customer may receive ACH Reports in accordance with the Bank's security provisions and the terms of the Treasury Management Services Terms & Conditions agreement.

Report Times

ACH Reports are generated based on Federal Reserve inbound ACH entries. Bank receives, on Business Days, inbound Federal Reserve files twice daily and makes the reports available as such for Customer review in a variety of different downloadable file formats. The general reporting times for ACH Reports are:

8:00am - Central

3:00pm - Central

Report Types

Upon activation of the ACH Reports Service, Authorized Users will receive an email notification at the above mentioned Report Times if there are reports available for review. Depending on the Customer's specifications, the different Reports available are:

Detail Report - Provides details of incoming debit and credit ACH transactions.

EDI Report - Provides incoming payment related information on EDI transactions.

Return Report - When ACH returns are received, this report provides the details of each return. May be combined with the NOC Report.

NOC Report - Notice of Change. Details of NOC returns received by the Bank. This report may be combined with the Return Report.

Report Formats

Each ACH Report can be downloaded in a variety of formats that best suits the Customer. The available file formats are:

CSV - Comma Separated Values file. A CSV file is a common file type used to import data from one software application to another, with commas separating the values in each field.

NACHA - The accepted and warranted ACH payment record format specifications provided by NACHA Operating Rules and Guidelines.

PDF - Portable Document Format file. A PDF file is the file format for representing documents in a manner that is independent of the original application software, hardware, and operating system used to create the document.

XLS - Microsoft Excel spreadsheet file. An XLS file is a file that was created using a Microsoft Excel spreadsheet.

XML - Extensible Markup Language. An XML file follows a set of rules for encoding documents in machine-readable form.

Business Days

Business Days are all days except the following standard holidays that are observed by the Federal Reserve Banks:

All Saturdays

All Sundays

New Year's Day

Martin Luther King, Jr. Day

Presidents Day

Memorial Day

Independence Day

Labor Day

Columbus Day

Veterans Day

Thanksgiving Day

Christmas Day

If January 1, July 4, November 11, or December 25 falls on a Sunday, the following Monday is a standard Federal Reserve Bank holiday.

Security

ACH REPORTS

Security Provisions

If Customer elects and Bank agrees to offer ACH Reports, Customer agrees to be bound by the terms of the Treasury Management Services Terms & Conditions agreement specifically as it relates to Internet Based Services. For all ACH Report Customers, it is their responsibility to see the information is not shared or given to unauthorized personnel.

Contacts

Phone: (214) 252-4051 or (214) 252-4052

Fax: (877) 404-3138 or (877) 379-5179

Email: tmsupport@plainscapital.com

Positive Pay Service Descriptions

After Bank has received appropriate enrollment documents, completed all other required Bank documentation, and if the Bank agrees, Customer may use Positive Pay Services via Business Online Services and / or secure FTP to transmit issued check files in accordance with the Bank's security provisions and the terms of the Treasury Management Services Terms & Conditions agreement.

Deadlines

The deadlines for Positive Pay Services are:

- **Exception review and decisions:** 1:00 PM Central
- **Issue file upload:** No deadline; however, in order to be considered for the match process, the file should be loaded prior to 7:00 PM of the Bank clearing date of the check.

Business Days

Business Days are all days except the following standard holidays that are observed by the Federal Reserve Banks:

All Saturdays	Independence Day
All Sundays	Labor Day
New Year's Day	Columbus Day
Martin Luther King, Jr. Day	Veterans Day
Presidents Day	Thanksgiving Day
Memorial Day	Christmas Day

If January 1, July 4, November 11, or December 25 falls on a Sunday, the following Monday is a standard Federal Reserve Bank holiday.

Security

Customers may upload their issued check files via Business Online Services and/or secure FTP.

Business Online Services - Security Provisions

If Customer elects Positive Pay Services via Business Online Services, Customer agrees to be bound by the terms of the Treasury Management Services Terms & Conditions agreement specifically as it relates to Internet Based Services.

Secure FTP Definition

File Transfer Protocol that utilizes transport layer security and secure sockets layer cryptographic protocols. With proper credentials an end-user can automate the transmittal of information using this protocol.

Security Provisions

If Customer elects and Bank agrees to transmit check issue files via SecureConnect FTPS, Customer agrees to be bound by the terms of the Treasury Management Services Terms & Conditions agreement specifically as it relates to Internet Based Services and Secure File Transfer System. It is encrypted with an SSL connection using Triple DES 168 bit encryption where possible. A minimum encryption of 128 bit is required.

Contacts Us

Phone: 214.252.4005

Fax: 877.579.5919

Email: tmsupport@plainscapital.com

Payee Name Verification Best Practices

PlainsCapital Bank recommends following the guidelines in this document to obtain the highest level of performance from our Payee Name Verification (PNV) solution.

CHECK STOCK

Follow ANSI standards for business checks with 24lb MICR bond. Any artwork, logo, or design on the check that could hinder capturing a high-quality image should not be utilized, particularly if the design may interfere with a successful reading of the payee name information on the image. If artwork is translucent or opaque and does not hinder capturing a quality image, it should be acceptable for payee name processing.

INK

Only use black ink.

PRINTERS

- Use only PostScript printers such as laser printers or other digital printers.
- Avoid using dot matrix printers.

FONT

- Arial has high read rates and is preferred. Other acceptable fonts include: Times New Roman, Courier, Verdana, Univers, Tahoma, Albertus, Batang, Bookman, and Zurich.
- PostScript printers (DPT units) should use size 10 fonts. If measured by pixels at a resolution of 200 dpi, size 14 should be selected.

HANDWRITTEN ITEMS

Handwritten items are not supported.

FORMATTING

- Avoid extra spaces, underlining, italicizing, or bold face fonts.
- Limit punctuation. For example: UNITED WE STAND is preferred to UNITED-WE-STAND!
- All Upper-Case is recommended.
- Visually verify that the characters do not touch each other.
- Recommended date format: MM/DD/YY

FONT PITCH

- Provide sufficient spacing between each letter in the name so they can be clearly read. For example, LIVE could be misread as UVE if the letters are spaced improperly.
- It is recommended that most printers use pitch proportionate to the font; however, in situations in which pitch is fixed, the vendor has suggested a pitch size of 10 pt. After printing, there should be about 10 characters per inch.

CHARACTERS

Standard and acceptable characters for payee names:

- ABCDEFGHIJKLMNOPQRSTUVWXYZ
- abcdefghijklmnopqrstuvwxyz
- 0123456789
- , . : ; / & # @ () ' — +

Do not use unacceptable special characters or asterisks. Special characters are not typically contained in legitimate payees and can result in higher exception rates.

PAYEE NAME

- Cannot exceed 96 characters.
- Should be printed in all UPPER CASE letters.
- Can be on more than one line; however, each line is interpreted as a space.

PAYEE INFORMATION PLACEMENT

- Should be listed near (to the right or just below) Pay to the Order Of.
- Horizontally, the payee should not extend past the middle of the check.
- Vertically, the payee name should be located just below the vertical midpoint of the check but should not extend to the bottom quarter of check or interfere in any way with the MICR line information contained at the bottom of the check.
- Should be displayed in a clear area, free of and not touching other text, lines, or stamp marks.

PLAINS CAPITAL BANK

SAMPLE CHECK

The following check sample illustrates the recommended placement for the required elements on the check face.

Note: Sample is not to scale. The dashed lines indicate horizontal and vertical midpoints and the right edge of the check layout.

REMITTER COMPANY NAME 123 MAIN STREET ANYTOWN, STATE 123456-1234		BANK LOGO 1234 Sample St. Our Town, MI 12345	0-000/000	No. 000001
			DATE: 01/01/16	\$ 1,204.19
ONE THOUSAND TWO HUNDRED AND FOUR DOLLARS AND 19/100				
 Security Feature Details on Back				
PAY TO THE ORDER OF:	ANY PAYEE NAME UP TO 96 CHARACTERS PAYEE NAME CAN EXTEND TO 2 LINES 123456 N SAMPLE STREET ANYTOWN, STATE 123456-1234			
				
Serial # / Check #	Transit Routing # / ABA #	Account #		
		4 5/16"		
		5 11/16"		
3/8" blank space				

Wire Transfer Service Descriptions

After Bank has received appropriate enrollment documents, completed all other required Bank documentation, and if Bank agrees, Customer may initiate Wire Transfer orders via Business Online Services, Web GFX, telephone, fax, or email, in accordance with the Bank's security provisions and the terms of the Treasury Management Services Terms & Conditions agreement.

Deadlines

Bank has an established Deadline for the processing of Wire Transfer orders. Wire Transfer orders received after Bank's established Deadline, or on any non-Business Day, will be considered received on the next Business Day. Unless otherwise negotiated with Bank, the Deadlines for same day Wire Transfer processing are:

Business Online Services - Domestic	4:00 PM Central (5:00 PM Eastern)
Business Online Services - Int'l	3:30 PM Central (4:30 PM Eastern)
Web GFX	3:30 PM Central (4:30 PM Eastern)
Telephone, Email, Fax - Domestic Wire	3:30 PM Central (4:30 PM Eastern)
Telephone, Email, Fax - Int'l Wire	3:00 PM Central (4:30 PM Eastern)

Business Days

Business Days are all days except the following standard holidays that are observed by the Federal Reserve Banks:

All Saturdays	Independence Day
All Sundays	Labor Day
New Year's Day	Columbus Day
Martin Luther King, Jr. Day	Veterans Day
Presidents Day	Thanksgiving Day
Memorial Day	Christmas Day

If January 1, July 4, November 11, or December 25 falls on a Sunday, the following Monday is a standard Federal Reserve Bank holiday.

Outgoing Wire Transfers - Required Information

Domestic Wires:

Name of Bank funds are going to
Bank ABA number (9 digits)
Name of Receiver's account
Account Number
Account Address
Any special instructions

International Wires:

Name of Foreign Bank funds are going to
SWIFT Code of Foreign Bank
US Corresponding Bank ABA and Name (optional)
Name and Address of Receiver's account
Account Number
Any special instructions

Incoming Wire Transfers - Required Information for Sender

Domestic Wires:

PlainsCapital Bank
5010 University Avenue
Lubbock, TX 79413
ABA - 111322994
PCB Customer Name
PCB Account Number
Any special instructions

International Wires:

PlainsCapital Bank
5010 University Avenue
Lubbock, TX 79413
SWIFT Code - PLASUS44
PCB Customer Name
PCB Account Number
Any special instructions

Security

If approved by Bank, Customer may transmit their Wire Transfer orders directly to the Bank using Business Online Services, Web GFX, telephone, fax, or email.

Business Online Services - Security Provisions

If Customer elects and Bank agrees to offer submission of Wire Transfers via Business Online Services, Customer agrees to be bound by the terms of Treasury Management Services Terms & Conditions agreement specifically as it relates to Internet Based Services. Customer acknowledges the Bank's recommended Standard Security as it relates to Business Online Services Service including:

- a. Two Authorized Users must approve each Wire Transfer submitted via the Business Online Services Wire Modules, authorization token required for last approver.
- b. Two Authorized Users must approve any changes to User Entitlements including the creation of Users.
- c. Daily transaction limits may be established from time to time by Bank.

By waiving any of these Standard Security provisions, Customer agrees that the Bank has implemented commercially reasonable security standards and shall not be held liable for any unauthorized activity submitted via Business Online Services.

Web GFX Security Provisions

If Customer elects and Bank agrees to offer submission of Wire Transfers via Web GFX, Customer agrees to be bound by the terms of the Treasury Management Services Terms & Conditions agreement specifically as it relates to Internet Based Services. Customer further agrees that foreign currency Wire Transfers submitted via Web GFX that are subsequently cancelled are subject to any rate exchange loss as determined by the Bank. Customer agrees to sell any cancelled payment order to Bank at the then current applicable foreign currency buy rate. Customer shall be responsible for securing all terminals used to access Web GFX. Customer shall be responsible for maintaining confidentiality of Web GFX Security Credentials.

Telephone Order Security Provisions

Upon execution of the PIN Wire Transfer Authorization form, Bank and Customer agree to allow wire payment orders submitted via telephone. Customer agrees to provide Bank with assigned PIN as method of authenticating caller identity. Bank may refuse a wire payment order if PIN or password cannot be provided. Customer is responsible for maintaining confidentiality of PIN supplied by Bank.

Facsimile Order Security Provisions

Upon execution of the PIN Wire Transfer Authorization form, Bank and Customer agree to allow wire payment orders submitted via facsimile. Bank may, at Bank's sole discretion, and without liability for failing to do so, initiate a call back for verification to Customer.

Customer agrees to provide Bank with assigned PIN as method of authenticating caller identity. Bank may refuse wire payment order if PIN or password cannot be provided. Customer is responsible for maintaining confidentiality of PIN supplied by Bank.

Email Order Security Provisions

Bank does not make standard practice of accepting wire transfer payment orders via email and may reject or refuse to act on orders submitted by email. If Bank chooses to accept payment orders through email, Bank may, at Bank's sole discretion, and without liability for failing to do so, initiate a call back for verification to Customer. Customer agrees to provide Bank with assigned PIN as a method of authenticating caller identity. Bank may refuse wire payment order if PIN cannot be provided. Customer is responsible for maintaining confidentiality of PIN supplied by Bank.

Contact Us

Phone: 214.252.4005

Fax: 866.908.6775

Email: wires@plainscapital.com OR tmsupport@plainscapital.com

Remote Deposit Service Descriptions

After Bank has received a signed copy of the PlainsCapital Bank DepositDirect Application Form, completed all other required Bank documentation, all appropriate equipment and software have been installed, and if Bank agrees, Customer may transmit electronic check images and/or image cash letters to their PlainsCapital Bank account for deposit in accordance with the Bank's security provisions and the terms of the Treasury Management Services Terms & Conditions agreement.

Deadlines

Deadlines for deposit transmissions for next day credit are as follows:

DepositDirect transmissions **6:00pm - Central**

Business Days

Business Days are all days except the following standard holidays that are observed by the Federal Reserve Banks:

All Saturdays	Independence Day
All Sundays	Labor Day
New Year's Day	Columbus Day
Martin Luther King, Jr. Day	Veterans Day
Presidents Day	Thanksgiving Day
Memorial Day	Christmas Day

If January 1, July 4, November 11, or December 25 falls on a Sunday, the following Monday is a standard Federal Reserve Bank holiday.

Specifications and Technical Support

Hardware

A list of certified scanners can be provided upon request. If customer elects to purchase or lease from the Bank, a Digital Check single or multi feed scanner will be provided. A completed Purchase or Lease Agreement is required.

Procedures & Best Practices

Provided to the Customer upon implementation of the DepositDirect system; updated Best Practices are provided annually with Self-audit and/or Onsite visit; Best Practices and Procedures are also available upon request. Training can be scheduled for new or existing users as needed.

Technical Support

Provided during the Bank's normal business hours, excluding weekends and federal holidays:

Monday - Friday **8:00am - 6:00pm Central**

Technical support includes but is not limited to, general questions about DepositDirect functionality, activating the Service on a personal computer, confirmation of Bank's receipt of a deposit, and error resolution.

System Requirements

Minimum System Requirements for DepositDirect

- **Operating System:** Operating System: Windows 7 all versions (32 and 64 bit), Windows 8 all versions (64-bit), Windows 8.1 all versions (64 bit), Windows 10 (64 bit)
- **RAM (Memory):** Minimum Requirement: 512MB RAM (1GB RAM required for Vista)
- **Processor:** Intel Pentium 3 or compatible 2.4 GHz or higher processor
- **Primary Hard Drive:** 200MB available hard drive space

- **Scanner Connections/Ports:** One available USB 2.0 port
- **Screen Resolution:** Screen Resolution of 1024 x 768 or higher
- **Software Dependencies:** The following software components are necessary for the application to operate correctly and should be loaded or installed prior to the remote capture installation process.
 - **Internet Explorer:** Internet Explorer 9.0 or higher.
 - **DepositDirect will not function properly in any browser other than Internet Explorer.**
 - **.NET Framework:** Microsoft .NET Framework 2.0 (minimum requirement)
 - **.NET 3.0, 3.5 and 4.5** are supported, but require .NET 2.0 also resident on PC.
 - **Adobe (Acrobat) Reader:** Adobe Reader 5.0 or higher. All reports are delivered in PDF format only.
- **Windows Login Rights:** The following Windows rights are required to access the relevant functions for remote capture.
 - **Administrator Rights:** Users will require local administrator access to the workstation to install the security policy, activate computer, and perform first-time capture.
- **WinZip Utility:** WinZip 9.0 or higher installed.
- **Proxy Settings:** Secure connectivity to the FI's Deposit 24/7 server.

Security Provisions

If Customer elects and Bank agrees to offer Remote Deposit Services via DepositDirect software, Customer agrees to be bound by the terms of the Treasury Management Services Terms & Conditions agreement specifically as it relates to Internet Based Services and Remote Deposit Services.

Contacts

Phone: (214) 252-4005

Email: tmsupport@plainscapital.com

INTRODUCTION

e:Remitt Payment Processing Solutions, LLC provides a cost effective, Houston-based lockbox service for Financial Institutions that wish to help their clients expedite their receivable collection and maximize funds availability with a wholesale and/or retail lockbox service. e:Remitt efficiently collects, processes, and applies check payments to designated bank accounts. We provide a wide range of options for customizing our lockbox services to meet the needs of your bank and your business customers so that your client payments are promptly deposited into their **PlainsCapital** account.

Wholesale Lockbox

Regardless of your client's company size or payment volume, they can benefit from a *Wholesale Lockbox* service, a client receiving Business to Business payments. Our process is simple; we image the contents of the envelope (payment and remittances) and post to a secured web lockbox server, so your client can then access images of their receivable information online and post to their accounts receivable system.

Retail Lockbox

Retail Lockbox processing is ideal for a company that receives low-dollar/high-volume payments. With the use of a scannable document (remittance stub, coupon, or voucher), our Retail Lockbox system can capture data used to update accounts receivable systems. A data transmission file is created from remittance information contained in the scanline of the coupon and the check MICR. Remittance data and images are indexed and archived and can be easily navigated through our archive viewer software and accessed through the Web Lockbox.

Medical Lockbox

Medical Lockbox processing is more efficiently processed through a Lockbox Service Provider. eRemitt is revolutionizing the way information from medical payments is archived, managed, and delivered through the use of technology and workflow processing, with an end result of an online image & data archival.

What can Lockbox Banking do for your client?

- Faster access to their funds
- More timely receivables information
- Customized Remittance Processing
- More Efficient use of their office staff

What can Lockbox Banking do for *PlainsCapital*?

- Enhance your ability to attract new business customers and grow deposits
- Add value to your current business banking relationships

Retail Lockbox Setup Sheet

1. Identify that the client is a Retail Lockbox (i.e. coupons remittances with scanlines).
2. Provide scanline information:
 - a) How many digits are in the scanline?
 - b) What is the weight of the digits? (See Check Digit Calculation)

Scanline (format and number of fields)

- Length of scanline
- Check digit format
- MOD
- Sample Coupons

From the Retail Lockbox Set-up Sheet

3. What format/type of data file does the client require for posting? (i.e. does the client import a .txt file, .csv file).
 - a) Provide the file layout that is required for the client.
4. Payment Sorts: (Singles, Multiples, Check Only)

- ☐ Singles – one check and one coupon
- ☐ Multiples – more than one check and more than one coupon
- ☐ Check only
- ☐ Other _____

From the Retail Lockbox Set-up Sheet

5. Report Requirements: List the types of reports the client requires for their daily lockbox.

- ☐ Deposit Summary
- ☐ Batch Detail
- ☐ Deposit Detail

6. Archive Images:
 - a) Web lockbox login and password
 - b) Archive Viewer CD Rom

Sample Remittance Coupon

Below is a sample of a retail lockbox remittance coupon. Once the printed “scanable” document (remittance stub, coupon, or voucher) is designed, e:Remitt will require samples for testing purposes. The following should be submitted to e:Remitt prior to the testing stage:

- Approximately 20 coupon samples
- Scanline layout details
- Transmission file specifications

The testing process requires approximately ten (10) business days.

If the remittance stub is part of a larger document separated by a perforation line, scan line data should be placed far enough away from the perforation line to prevent potential tears from damaging the scan line data.

RETURN THIS PORTION WITH PAYMENT
WRITE ACCOUNT NUMBER ON ALL CHECKS

ACCOUNT NO: 67-1400-00	AMOUNT DUE: \$79.11	
BILLING DATE: 02/16/2007	AFTER THIS DATE: 03/09/2007	
DUE DATE: 03/09/2007	PAY THIS AMOUNT: \$82.84	



CUSTOMER: John Doe
12345 Address Ln.
Houston, TX 77000

AMOUNT ENCLOSED: _____
REMIT TO:
ABC Corporation
PO Box 1234
Houston, TX 77002

000671400002007030900007911000062844

The scan line should be located in a clear recognition zone

Data encoded using OCR should be used. OCR-A font 10 PCI is strongly preferred.

Ideally, there should be **no spaces** in the scan line.

Check digit should be calculated on the entire scan line. This will eliminate and reduce errors. eRemitt **requires** a check digit for all OCR scan lines.

The data must be printed in the same orientation as other printing on the document (that is, parallel to the bottom edge of the document).

The data should be printed at the highest resolution possible (300 dpi is the recommended minimum). Color of ink should be black.



PlainsCapital Bank's Merchant Services streamlines your business through electronic processing, customized gift cards and personalized service.

Accept Credit and Debit Cards

A merchant terminal is set up in each of your retail locations allowing you to accept all major credit and debit cards for payment. Payment information is transmitted electronically through the terminal each time you initiate a credit or debit card transaction.

Accept Mobile and Online Payments

With Merchant Services, you can expand your business to your Smart Phone or iPad® by accepting debit and credit payments anywhere your customers are. Process Card-Not-Present transactions with our Virtual Terminal, and, working with your e-commerce provider, we process credit and debit card payments made on your website.

Verify and Process Checks Electronically

Our check-scanning system allows you to reduce liability and increase sales by safely verifying and accepting checks from more than 180 million people with checking accounts. Our system eliminates the need for manually depositing checks at the bank, which saves you time, expedites processing and turns checks into cash faster.

Sell Customized Gift Cards

PlainsCapital Bank's Merchant Services make it easy for your business to offer customized gift cards. Gift cards work with your existing merchant card terminals and are customized to work only at your business' retail locations. Customized gift cards can help you enhance your cash flow and increase your sales.

Merchant Services Benefits

- Personalized service from your dedicated PlainsCapital Merchant Services Representative
- State-of-the-art card processing technology with 24-hour technical support
- Next-Day funding available
- TransLink transaction reporting with 24/7 online access to comprehensive merchant card reports
- Expert risk monitoring and charge-back protection

Contact Us

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Bank Officer - Merchant Services Officer
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PlainsCapital.com

TAB 5

Treasury Management Services Terms and Conditions

You (“Customer”, “you” or “your”), request that PlainsCapital Bank, a Texas state banking association (together with its successors and assigns, (“Bank”, “we”, “us”, or “our”) provide treasury management services (each a “Service”) in connection with your PlainsCapital Bank Commercial Deposit Account(s) or Personal Deposit Account(s), where applicable (individually and collectively, the “Account(s)”). You acknowledge receipt of our PlainsCapital Bank Commercial Deposit Account Agreement and/or our PlainsCapital Bank Personal Deposit Account Agreement where applicable (the PlainsCapital Bank Commercial Deposit Account Agreement and the PlainsCapital Bank Personal Deposit Account Agreement are referred to herein collectively as the “Deposit Agreement”). For each Service, this Agreement, the Service Description, any user documentation, and Service Application for that Service (collectively, the “Service Documentation”) together with our Deposit Agreement, as each may be modified or amended from time to time, contain the terms and conditions governing our provision of that Service to you, and any of your subsidiaries or affiliates on whose behalf you are acting. By execution of your application for Services, you and such subsidiaries and affiliates agree to be bound by such terms and conditions. The terms “Customer”, “you” or “your” as used in the Service Documentation mean you and any such subsidiary or affiliate.

A. Applicable Terms of All Treasury Management Services

1. Representations and Warranties

Customer represents and warrants to Bank, as of the date this Agreement is entered into and at the time any Service is used or performed, that: (a) it is validly existing and in good standing under the laws of the jurisdiction of its organization; (b) it has all requisite power and authority to execute and deliver, and to perform its obligations under, this Agreement and each Service used or performed by it; (c) this Agreement has been duly authorized and executed by it and constitutes its legal, valid and binding obligation; and (d) any consent or authorization of any governmental authority or third party required to be obtained by it in connection with this Agreement or any Service used or performed by it has been obtained.

2. Change in Terms / Amendments to Service Documentation

Bank reserves the right to change these Terms and Conditions as well as the terms, conditions, fees and charges contained in the Service Documentation for any Service after sending you thirty (30) days’ prior notice of such change in writing or electronically or by printing a message on, or enclosing a message with, your bank account statement or account analysis statement. If you do not wish to be bound by any such change, you may discontinue using the affected Service before the change becomes effective. If you continue to use a Service after the change becomes effective, you will be bound by the change. Any written notice relating to a Service will be sent to you at your primary address as shown in our current system records. You agree to waive any claim or defenses that you failed to receive any such notice relating to a Service and are presumed to have received such notice.

3. Authorized Officers, Signers and Users

Customer shall appoint certain Authorized Signer(s) on the PlainsCapital Bank Commercial Signature Card or in such other format or medium as may be agreed by Bank (each person so appointed, being an “Authorized Signer” and collectively “Authorized Signers”). Customer may also appoint certain Authorized Officer(s) by corporate resolution or in such other format or medium as may be agreed by Bank (each person so appointed being an “Authorized Officer” and collectively “Authorized Officers”). Customer agrees that Authorized Signers and Authorized Officers shall be authorized to act on behalf of Customer in all actions taken under the Service Documentation and may enter into all transactions contemplated therein and herein, including, without limitation, selecting Services for the benefit of Customer, appointing agents to act on behalf of Customer in the delivery of Services and signing additional documentation that may be necessary to implement Services. The Authorized Signer(s) and Authorized Officers may appoint agents to use the Services provided for the benefit of Customer (“Authorized Users”). Authorized Users may act on behalf of Customer for a particular Service in accordance with the relevant Service Documentation or other document(s) establishing the Authorized Users’ responsibilities. Customer may revoke the authority of or change the Authorized Signers, Authorized Officers or Authorized Users at any time upon prior written notice

and execution of additional documentation as may be required by Bank. Such change or revocation shall not be binding upon Bank until it has received the required written notice and has had a reasonable opportunity to act thereon. In any event, Bank may act on instructions that it believes in good faith were provided by an Authorized Signer, Authorized Officer or Authorized User, or anyone purporting to be an Authorized Signer, Authorized Officer or Authorized User.

4. Inspection of Documents, Forms, and Instruments

Bank reserves the right to approve the form of Customer’s checks, drafts, deposit slips and similar documentation. Approval of such documentation does not constitute Bank’s agreement to be bound by any terms set forth on such documentation (such as required minimum number of signatures or the validity of an item after a period of time). All such terms must be expressly agreed to in writing by Bank. Prior to initiating a new account or Service, or at any other necessary time, Customer agrees to provide all information and conduct any test that Bank may reasonably request, including, without limitation, Service Documentation, signature cards, test tapes, transmissions, corporate resolutions and other documents. Bank may also request samples of Customer’s checks, drafts, deposit slips and similar items to ensure, in Bank’s sole discretion, whether such items meet Bank’s quality control and processing standards. In the event that Bank determines that any item or test does not meet its specifications, Bank will so advise Customer. Customer acknowledges that Services will not commence or continue until such time as an approved item or test is provided to Bank and determined by Bank to be satisfactory. Customer shall be responsible for initial product installation, whether or not Bank provides telephone or on-site installation support.

5. Business Days

Unless otherwise expressly provided in the Service Documentation, Business Days shall mean all days except Saturdays, Sundays, and all standard holidays observed by the Federal Reserve Banks.

6. Security Procedures

Bank shall provide Customer with one or more commercially reasonable security procedures that must be used by Bank and Customer in connection with certain Service(s). Customer agrees that such security procedures are commercially reasonable and waives any claim or defense that such security procedures are not commercially reasonable. Customer agrees to be bound by any payment order, transaction or service change order that is acted upon by Bank in accordance with such security procedure. Customer understands that the security procedures are not for the purpose of detecting errors in the transmission or content of information controlled by Customer. Bank reserves the right to issue new security procedures and/or to cancel or change any security procedures from time to time.

7. Access

Customer shall be solely responsible for the access of Authorized Users to Services. Access to Services will be controlled through the use of Customer IDs, user IDs, passwords, private keys or other security devices (“Security Credentials”). Customer is solely responsible for maintaining its own internal security and agrees to use the utmost care in giving any Authorized User access to use one or more of the Services. Customer shall not disclose any information regarding the Services that an unauthorized user would find helpful to obtain access to all or part of any Service.

8. Your Limited Liability for Unauthorized Activity

Customer acknowledges and agrees to accept Bank’s standards of security (“Standard Security”) as it relates to the operation of, or enrollment in, specific Services. You understand that Standard Security describes specific security procedures and your voluntary enrollment in certain Services designed to aid in fraud prevention. You may incur no liability for unauthorized activity on your Account related to the specific Service, provided you notify us within one (1) Business Day of the loss or theft, subject to the following terms and conditions: (a) a transaction is considered unauthorized if it is initiated by someone other than you without your actual or apparent authority and you receive no benefit from the transaction (a transaction is not considered “unauthorized” if you furnished identifying information, IDs, passwords, or other security devices to another person and expressly or implicitly give that individual authority to perform one or more

transactions, and the person then exceeds that authority, or for any other reason we conclude that the facts and circumstances do not reasonably support a claim of unauthorized use); (b) you agree to run antivirus and anti-malware software as specified in Section B.3.c of this agreement before accessing a Service via the Internet; (c) you agree to fully cooperate with Bank's investigation of unauthorized activity including the discontinued use and forensic inspection of devices, computers, servers and other similar items owned by either Bank or You; (d) you expressly accept Bank's Standard Security provisions as they relate to each Service and understand that a waiver of Standard Security releases Bank from this limited liability provision as set forth in this Section; and (e) you expressly agree that the Bank's Standard Security is a commercially reasonable method of providing security against unauthorized activity on your Account.

9. Waiver of Standard Security

Bank has deemed certain Services and security procedures of certain Services as Standard Security for the protection against unauthorized activity. If Customer selects certain security procedures to use in connection with a Service or waives enrollment in those Services deemed a part of Standard Security, the security procedures selected by Customer shall be deemed commercially reasonable to the same extent as the security procedures offered by Bank that provide greater protection. Customer further agrees that a waiver of Standard Security releases Bank from liability of all unauthorized activity related to those Services. The waiver of liability set forth herein is an integral inducement to Bank in the provision of the Services.

10. Indemnification and Liability; Third Party Claims

Except for those losses caused directly by Bank's gross negligence or willful misconduct, Customer agrees to indemnify, defend and hold Bank, its officers, directors, shareholders, agents, employees, subsidiaries and affiliates, and their respective officers, directors, agents and employees, harmless from and against any and all losses, costs, suits, damages, claims, liabilities and expenses (including reasonable attorneys' fees) arising from or related in any way to (a) any Services performed in connection with this Agreement, (b) Bank's action or inaction in accordance with or reliance upon any instructions or information received from any person reasonably believed by Bank to be an authorized representative of Customer, (c) Customer's breach of any of Customer's covenants, agreements, responsibilities, representations or warranties under this Agreement, and/or (d) Customer's breach of applicable Rules or the Security Procedures. In addition to other indemnification and liability provisions elsewhere in this Agreement, Customer will be liable for, and will hold harmless and indemnify Bank, its officers, directors, shareholders, agents, employees, subsidiaries and affiliates, and their respective officers, directors, agents and employees from and against all claims of any sort by third parties or others arising out of this Agreement, including all losses and expenses incurred by Bank arising out of Customer's failure to report required changes, transmission of incorrect data to Bank, unauthorized disclosure of the Security Credentials, or failure to maintain compliance with the Security Procedures and the Rules.

11. Confidentiality

Customer and Bank represent, warrant and mutually agree that all confidential information concerning the other party or parties that comes into its possession in connection with any of the Services, including, without limitation, security procedures or any security codes, keys, personal identification numbers, digital certificates/signatures or template numbers ("Codes"), will be maintained in strictest confidence and shall not be used or divulged to any other party except as may be necessary or advisable for the due performance of any of the Services or as required by applicable law. Bank shall maintain physical, electronic, and procedural safeguards to keep Customer's confidential information secure. Customer is solely responsible for the procedures to assure the internal confidentiality of its own security procedures, security devices and codes and assumes all risk of accidental disclosure or inadvertent use of any security device by any party whatsoever, whether such disclosure or use is on account of Customer's negligent or deliberate acts or otherwise. If Customer or its agents have reason to believe that any security procedures or Codes have or may become known by unauthorized persons (whether or not employed by Customer), Customer shall immediately notify Bank by telephone and confirm such verbal notification in writing to Bank within twenty-four (24) hours. Bank will replace the security procedures and Codes in accordance with Bank's security procedures.

Customer shall be solely responsible for funds transfer instructions and other communications initiated before Bank received Customer's notice and had a reasonable time to act on such notice. Bank reserves the right to change any or all of the security procedures or codes by giving verbal or written notice to the Customer. Customer's obligation to maintain the confidentiality of all security procedures shall survive the termination of any Service or this Agreement.

12. Verbal and/or Written Instructions

For some Services, and in accordance with the security provisions of such Services, Bank may choose to honor Customer's request to give Bank verbal or written instructions regarding the Services. Customer agrees that Bank may in good faith rely on such verbal or written instructions that purport to come from an Authorized Signer, an Authorized User or a Collection Authorized User of the Customer without independent verification by Bank.

13. Unsecured Electronic Transmissions and Instructions

Customer acknowledges that the use of facsimile transmission, voice mail, unsecured e-mail, pager or other unsecured electronic or telephonic methods ("Electronic Transmissions") are inherently unsecure communication methods due to the possibility of error, delay and observation or receipt by unauthorized personnel. Bank may rely in good faith on Customer's instructions regarding how and to what number or e-mail address Electronic Transmissions should be sent and may rely on any Electronic Transmission that it reasonably believes to have been initiated by an Authorized Signer or Authorized User of Customer. Should Customer elect to send or receive unsecured Electronic Transmissions to or from Bank, Customer assumes all risks, and Bank shall not be liable for any loss that results from the non-receipt, disclosure, alteration or unauthorized access of any such unsecured Electronic Transmission.

14. Telephone Recording

Customer acknowledges, agrees and consents on behalf of itself, and its Authorized Signers or Authorized Users, that Bank may monitor and record telephone conversations for the purpose of quality assurance, training, and wire transfer confirmation, at any time without further notice to the parties to such conversations. The decision to record any conversation shall be solely in Bank's discretion, and Bank shall have no liability for failing to do so.

15. Computer Equipment and Software

Many Services require the use of computer hardware and software or other equipment. Customer is solely responsible for maintaining its computer and equipment in good working order, with the necessary compatibility and format to interface with Bank's systems, including, without limitation, the ability to support Bank's security procedures. Customer agrees to install upgrades and other system enhancements within a reasonable time of being requested to do so by Bank. License Agreements for necessary software shall either be embedded in the software or separately documented. Customer agrees to comply with all applicable software license agreements (following Customer's review of the same) whether or not such agreements have been executed by Customer. Customer has no rights or ownership in any software provided by or through Bank (other than software developed solely for the Customer) and shall not transfer, copy, alter, modify, reverse engineer, reproduce, or convey in any manner, in whole or in part, any such software. Customer shall return all software and user manuals associated with any software upon request. Customer may also incur additional related expenses for additional items, including, but not limited to, telephone service or Internet service charges related to the use of the Services. Customer is also responsible for the costs of any communication lines and any data processing charges payable to third parties. Customer agrees that it is solely responsible for the operation and maintenance of all equipment used in connection with Services and will ensure that the vendor recommended maintenance is conducted by trained personnel, whether they are employees of the Customer or third party employees. Customers shall only use hardware approved by Bank, or purchase or lease the hardware, including but not limited to image scanners and personal computers. Bank makes no representations or warranties concerning, and has no responsibility or liability for, such equipment, software or services even if specified by Bank.

16. Transactions on Non-Business Days/Deadlines

Transactions, deposits, payment orders, entries or other requests by Customer received by Bank on a non-Business Day may be treated by Bank as received on the next Business Day. Requests received after established cutoff times on the Business Day of receipt as specified in applicable Services (“Deadline(s)”) may also be treated as received on the next Business Day. Bank may make adverse changes to any Deadline only after it provides written notice to Customer as provided herein.

17. Customer-initiated Transactions and Instructions

Bank will honor Customer’s transactions and instructions (including adjustments, amendments and cancellations) only when Customer has complied with this Agreement and related Service Documentation. Bank will be under no obligation to honor, either in whole or in part, any transaction or instruction that: (a) exceeds Customer’s collected or available funds on deposit with Bank; (b) Bank has reason to believe may not be authorized by Customer; (c) involves funds subject to a hold, dispute or legal process preventing their withdrawal; (d) violates any provision of any applicable regulation of the Federal Reserve Bank or any other federal, state or local regulatory authority; or (e) Bank has reasonable cause not to honor, for the protection of either Bank or Customer.

18. Inconsistent Name and Account Number

If Customer, an Authorized Signer or Authorized User initiates a fund transfer instruction or payment order (“Payment Order”) to Bank that describes the person to receive the proceeds of such Payment Order (the “Beneficiary”), the Beneficiary’s bank, or an intermediary bank by name and an account or other identifying number, Bank and subsequent parties to the Payment Order may rely on and act solely on the basis of such number, even though the name and number do not agree and even though Bank and subsequent parties know or have reason to know of the inconsistency. Customer’s obligation to pay the amount of the Payment Order to Bank is not excused in such circumstances.

19. Intercompany Services/Authority to Transfer or Commingle Funds

Customer hereby represents and warrants to Bank that any and all transfers and commingling of funds required or permitted by any Service or requested by the Customer, and all other aspects of the performance hereby by Bank and Customer, have been duly authorized by all necessary parties, including, without limitation, the account holder of each account, and that Customer has obtained and shall maintain in its regular business records and make available to Bank upon reasonable demand, adequate documentary evidence of such authorization from the account holder of each account, executed by the duly authorized officers, representatives, or agents of each such account holder in accordance with that account holder’s organizational documents and/or resolutions. Customer further represents and warrants that each transfer or commingling of funds authorized hereunder is presumed not to be in violation of any agreement, organizational document or resolution of Customer or any of its affiliates or subsidiaries, nor is it in violation of any applicable federal, state, local law, regulation, of any decree, judgment, order of any judicial or administrative authority. Each representation and warranty contained herein shall be continuing and shall be deemed to be repeated upon Bank’s affecting each transfer and commingling of funds authorized hereunder.

20. Customer Records

This Agreement and the performance of Services by Bank shall not relieve Customer of any obligation imposed by law. Customer shall retain and provide to Bank, upon request, all information necessary to remake or reconstruct any deposit, transmission, file or entry for thirty (30) days following receipt by Bank of the deposit, file, entry, transmission or other order affecting an account unless otherwise required by Service.

21. Account Communications and Review Period

Customer agrees to regularly and promptly review and verify all statements, reports, check payment records, wire transfer instructions, confirmations, adjustments, charges, and other transactions (“Account Communications”). Customer may elect to receive Account Communications electronically, including without limitation, delivery by posting to a password protected website. Customer acknowledges that Account Communications provided by Bank through electronic delivery is deemed to constitute good and effective delivery when posted by Bank, regardless of whether Customer actually or timely receives or accesses the Account Information. Customer agrees that

the failure to report any such errors or unauthorized transactions shall relieve Bank of any liability for the unreported erroneous or unauthorized transaction. Customer agrees to waive and release any defense of non-receipt of Account Communications and agrees that receipt of such Account Communications shall be presumed.

22. Termination

Customer or Bank may terminate Service(s) at any time, provided that Customer shall deliver the Bank with written notice to terminate Service(s) at least thirty (30) Business Days prior to the termination date. Bank reserves the right to terminate Service(s) immediately upon providing written notice of such termination to Customer. Any termination of Service(s) shall not affect any of Bank’s rights and Customer’s obligations with respect to the Service(s) including Entries initiated by Customer prior to such termination, or the payment obligations of Customer with respect to services performed by Bank prior to termination, or any other obligations that survive termination of this Agreement.

23. Dispute Resolution

a. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, excluding its conflicts of laws rules.

b. Adverse Claims. If Bank receives an adverse claim against any Account, and Bank reasonably believes that it will not be protected if the claim is ignored, Customer agrees that Bank may place a hold on the affected Account. Any such hold will remain in place only so long as reasonably necessary to resolve the claim or employ legal remedies to allow a court to decide such claim. Bank shall have no liability for dishonored transactions due to any hold placed on an Account in accordance with this Section, and Customer agrees to reimburse Bank all costs, including attorneys’ fees, incurred due to such adverse claim.

c. Arbitration and Waiver of Jury Trial. Customer and Bank agree that the transactions processed under this Agreement involve “commerce” under the Federal Arbitration Act (“FAA”). **ANY CONTROVERSY OR CLAIM BETWEEN CUSTOMER AND BANK, OR BETWEEN CUSTOMER AND ANY OF BANK’S OFFICERS, EMPLOYEES, AGENTS OR AFFILIATED ENTITIES, THAT ARISES OUT OF OR IS RELATED TO ANY SERVICE PROVIDED UNDER THIS AGREEMENT OR ANY SERVICE AGREEMENT, WHETHER BASED ON CONTRACT OR IN TORT OR ANY OTHER LEGAL THEORY, INCLUDING CLAIMS OF FRAUD, SUPPRESSION, MISREPRESENTATION AND FRAUD IN THE INDUCEMENT (COLLECTIVELY, ANY “CLAIM”), WILL BE SETTLED BY BINDING ARBITRATION UNDER THE FAA.** The arbitration will be administered by the American Arbitration Association under its Commercial Arbitration Rules (“the Arbitration Rules”). **IF A CLAIM IS SUBMITTED TO ARBITRATION, (A) CUSTOMER WILL NOT HAVE THE RIGHT TO GO TO COURT OR TO HAVE A JURY TRIAL; (B) CUSTOMER WILL NOT HAVE THE RIGHT TO ENGAGE IN PRE-ARBITRATION DISCOVERY EXCEPT AS PROVIDED IN THE RULES; (C) CUSTOMER WILL NOT HAVE THE RIGHT TO HAVE ANY CLAIM ARBITRATED AS A CLASS ACTION UNDER THE RULES OR UNDER ANY OTHER RULES OF CIVIL PROCEDURE; AND (D) THE ARBITRATOR’S DECISION WILL BE FINAL AND BINDING WITH LIMITED RIGHTS TO APPEAL. THIS AGREEMENT SUPERSEDES ANY PRIOR ALTERNATIVE DISPUTE RESOLUTION AND/OR ARBITRATION AGREEMENT THAT MAY EXIST BETWEEN CUSTOMER AND BANK.** This agreement to arbitrate disputes will survive the closing of Customer’s Account and the termination of this Agreement or any Service Agreement.

24. Necessary Third Party Service Providers

a. Third Party Networks. Some Services are provided by Bank through access to a third party network, such as SWIFT, any applicable automated clearinghouse operating network and FED Wire. Such Services are dependent upon the availability of the third party network on conditions acceptable to Bank. Bank reserves the right to discontinue the Service or provide the Service through an alternative third party network. Bank does not warrant and shall not be responsible for Services received by Customer from any third party network chosen by the Customer.

b. Third Party Vendors. Some Services and/or computer equipment and software are provided to Customer by a third party vendor selected by Customer who is unaffiliated with Bank. In those cases, the third party vendor is acting as Customer's Agent rather than an agent of Bank, and Customer agrees to be bound by such third party's acts and omissions. Bank does not warrant and shall not be responsible for Services and/or computer equipment and software provided by unaffiliated third party vendors. Customer authorizes Bank to disclose to any third party vendor information concerning Customer to the extent required to deliver the requested Service.

25. Disclaimer of Warranties

NOTICE: BANK PROVIDES ALL SERVICES (INCLUDING, BUT NOT LIMITED TO INTERNET SERVICES) ON AN "AS IS," "AS AVAILABLE" BASIS AND MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND WITH RESPECT TO THE SERVICES. BANK DISCLAIMS ALL SUCH REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING THE FOREGOING, BANK DOES NOT WARRANT THAT THE OPERATION OF ANY SERVICES OR WEBSITE WILL BE UNINTERRUPTED OR ERROR-FREE. CUSTOMER IS RESPONSIBLE FOR TAKING APPROPRIATE PRECAUTIONS AGAINST DAMAGE TO ITS OPERATIONS WHICH COULD BE CAUSED BY INTERRUPTIONS OR MALFUNCTIONS OF ANY SERVICES OR WEBSITE AND ASSUMES THE RISK OF SUCH OCCURRENCES.

26. Severability

To the extent possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision shall be held to be invalid, illegal or unenforceable, such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability, without rendering invalid, illegal or unenforceable the remainder of any such provision or the remaining provisions of this Agreement.

27. Waiver

A waiver by Bank or Customer of any term or provision shall not be construed as a waiver of such term or provision at any other time, or of any other term or provision.

28. Assignment

Except in the case of a merger or assignment arising under operation of law, neither party may assign or transfer its rights or obligations hereunder to any other person or entity without the other party's written consent, whose consent shall not be unreasonably withheld.

B. Applicable Terms of All Internet and Mobile Based Services

1. Introduction

Bank offers a number of Services over the Internet and/or over mobile devices. If requested by Customer and agreed to by Bank, Bank will grant Customer access to one or more of Bank's Internet and/or mobile Services in the manner established by Bank. Customer agrees that its use of Services from time to time offered by Bank via the Internet and/or a mobile device (collectively, the "Internet Services") shall be governed by: (a) this Section and all other relevant sections of this Agreement, including, without limitation, sections governing the specific Treasury Management Services that are offered online; and (b) the applicable Terms of Use, as defined below.

2. Terms of Use

Bank may post terms or rules of use ("Terms of Use") governing Customer's use of the Internet Services on Bank's website(s) for accessing such Services. Such Terms of Use shall supplement and amend the terms set forth in this Section. In the event of a conflict between the Terms of Use and the rules set forth in this Agreement, the Terms of Use shall govern. Customer's initial use of an Internet Service shall constitute an acceptance of the Terms of Use posted on the website. Neither Bank nor Customer will contest the validity, enforceability, or admissibility of hard copy printouts of the Terms of Use for

any website or notices of changes to such Terms of Use provided in accordance with this Section. Copies of such Terms of Use or notices, if introduced as evidence in tangible form in any judicial or administrative proceeding, will be admissible to the same extent and under the same conditions as other business records originated and maintained in documentary form.

3. Other Customer Responsibilities

a. Equipment and Software. Customer is responsible for obtaining (from Bank, in some instances), installing and maintaining the computer and communications equipment (including, without limitation, personal computers, modems and mobile devices), software, web browsers, Internet access and communications services necessary to access and use the Internet Services in accordance with this Agreement.

b. Use of Internet Services. Customer shall use its access to Internet Services, websites and mobile applications operated by or on behalf of Bank only to conduct its business with Bank and agrees to limit access to those agents who require access to Internet Services.

c. Antivirus and Antimalware Protection. Customer agrees to run antivirus and antimalware software before transmitting data to or through any website. Customer may use any commercially available, industry recognized antivirus and antimalware software of the type that detects and disinfects viruses and malicious code automatically, without the need for the Customer to execute virus and malware scanning for each file manually. Customer shall update its antivirus and antimalware software daily.

4. Internet Disclaimer

The availability of Internet Services to Customer relies on the public Internet infrastructure and/or a mobile network. Bank does not and cannot control the flow of data to or from Bank's network and other portions of the Internet or any mobile network. Such flow depends in large part on the performance of third parties. Actions or inactions of such third parties can impair or disrupt Customer's connections to the Internet Services (or portions thereof). Bank disclaims any and all liability resulting from or related to such events and in no event shall Bank be liable for any damages (whether in contract or in tort) that are attributable to the public Internet infrastructure, any mobile network, Customer's ability to connect to the Internet or any mobile network, or Bank's ability to connect to the Internet or any mobile network on Customer's behalf.

C. Applicable Terms of Secure File Transfer System

1. Introduction

Bank offers a number of Services that may require the exchange of files containing payment batches or other information reporting. Files may be delivered to or from Bank through the secure file transfer protocol (FTPS). Customer agrees that its use of Services from time to time offered by Bank via FTPS shall be governed by: (a) this Section and all other relevant sections of this Agreement, including, without limitation, sections governing the specific Services including Service Documentation that are offered through FTPS; and (b) the applicable terms of all Internet Services.

2. SecureConnect

If Customer elects and Bank agrees to offer Services via FTPS, Customer agrees that Bank will provide Customer with user instructions and security codes. Customer will be responsible for providing data terminal(s) or any other means of access to such Services authorized by Bank. Customer agrees to use such Services (a) only for your own proper business use in accordance with all applicable federal, state, and local laws and regulations; (b) in accordance with the conditions, rules and regulations which we may establish or specify from time to time; and (c) only to obtain the Services Bank provides, any communication elements of such Service being incidental to and an integral part of obtaining such Service. Bank reserves the right to take all actions, including termination of such Services, which we believe necessary to comply with applicable laws, policies, regulations, and tariffs.

D. Applicable Terms for Information Systems

1. Introduction

Reporting of transaction and balance information may be provided by Bank to Customer through Business Online Services or other applications or systems as may be introduced by Bank (“Information System(s)”). Information Systems may also be used by Customer to automate many of the Services offered by Bank and also may provide access to other Bank systems that initiate transactions. Customer agrees that such use of the Information Systems shall be governed by this Section and all other relevant sections of this Agreement. If requested by Customer and agreed to by Bank, Bank will grant access to Bank’s Information Systems in the manner agreed to by Bank. Customer agrees to be bound by any terms of use and license agreements associated with these Information Systems.

2. Information Reporting

Bank is authorized to store, process, transmit and make available information of Accounts designated by Customer (“Account Information”) through the Bank’s Information Systems. This authorization will extend to the Bank’s agencies and third party data processing providers (“Providers”). Bank or Providers will transmit or make available for access to Customer Account Information on a periodic basis. Customer may elect to receive data through one or more delivery mechanisms, including, without limitation, the Internet, telephonic delivery, facsimile, CD-Rom or unsecured e-mail. Customer’s election to receive or transmit Account Information through unsecured e-mail will require additional instructions and provisions that release the Bank from loss or damage, direct or indirect, resulting from unauthorized access. Information reporting for off balance sheet accounts, such as sweep accounts, held at other financial institutions may be made available by these financial institutions. Bank assumes no responsibility for the accuracy or timeliness of the Account Information supplied by other financial institutions.

3. Transaction Services

Customer may use Information Systems to access Services offered by Bank for which Customer has enrolled. Depending on the type of product offered by Bank, access to the Services may include, but not be limited to, ACH, positive pay, wire transfer payments, book transfers, stop payments, image access and system administration. Customer agrees that use of the Information Systems for Services shall be governed by this Section and all other sections of this Agreement that are applicable to the Service being accessed.

4. Customer Responsibilities

Customer will purchase (from Bank, in some cases) and provide all equipment and software necessary to use the applicable Information Systems in accordance with this Agreement. For equipment not provided by Bank, Bank shall have no responsibility and makes no warranties for such equipment or software. Customer agrees to use the Information Systems solely to conduct its business with Bank and agrees to limit access to those Authorized Signers or Authorized Users who require access to the System. Customer agrees that in addition to other limitations to Bank’s liability elsewhere in this Agreement, Bank shall not be liable for any loss or damage arising directly or indirectly from the following: (a) any inaccuracy or incompleteness in the input of an order or instruction from the Customer; (b) any failure by Customer to obtain a confirmation of an order or instruction; or (c) any cancellation or attempted cancellation by Customer of an order or instruction.

5. Accuracy and Timeliness of Information

Bank will use reasonable efforts to provide the information requested through the Services in a prompt fashion. Bank shall not be liable for any inaccurate or incomplete information with respect to transactions which have not been completely processed or posted to Bank’s system prior to being made available pursuant to the Services.

E. ACH Services

1. Introduction

If requested by Customer and agreed to by Bank, Customer (or any Authorized Signer or Authorized User) may initiate credit or debit Automated Clearing House (ACH) transactions (each an “Entry” and collectively “Entries”) for payments (“Credit Entries”) and/or collections (“Debit Entries”) on Business Days to its accounts or the accounts of others (“Receivers”) in accordance with Bank’s security procedures and this Agreement. Bank will

act as an Originating Depository Financial Institution (“ODFI”) with respect to such entries. Bank may process Entries directly, through one or more clearinghouses, or through the mechanism selected by Bank. Customer’s rights and obligations with respect to such Entries are governed by applicable law and the rules of the National Automated Clearing House Association (“NACHA”), as amended from time to time. Customer acknowledges that it shall be bound by the Rules and agrees not to initiate any Entry in violation of the NACHA rules or applicable federal, state or international law, regulation or clearinghouse rules, including, without limitation, Regulation E of the Board of Governors of the Federal Reserve System, regulations promulgated by the Office of Foreign Assets Control (“OFAC”), and Operating Circular 4 of the Federal Reserve Bank (collectively referred to herein as the “Rules”). Customer acknowledges that a copy of the NACHA rules is available through NACHA at current NACHA prices or by contacting the Bank.

2. Entry Origination/Processing Dates/Deadlines

Customer may initiate Entries in the manner and format agreed to by Bank. Bank will establish a Deadline for the receipt of Entries from Customer. Bank may establish different Deadlines for Entries depending on the method of delivery selected by Customer and all such Deadlines are subject to change. Bank must receive Customer’s Entries at or prior to the Deadline for the Entries to be processed on the Business Day of receipt. Entries received after the Deadline will be processed on the next Business Day.

3. Late Entry Deadline

Bank may allow, at Bank’s sole and absolute discretion, Customer to initiate Entries after business hours, but prior to any after-hours deadline established by Bank. Customer acknowledges that Bank may require additional Customer information in order to successfully process such late Entries as determined by Bank in its sole and absolute discretion. Bank may refuse to allow late Entries for any reason and at any time in its sole and absolute discretion, which refusal may result in the Entries being entered on the following Business Day or not at all.

4. Content

In submitting any Entry, Customer shall be responsible for providing all information required by Bank. Customer bears sole and exclusive responsibility to verify that the information set forth in Entries submitted to Bank is authentic, accurate and conforms to the Rules. Customer shall retain data transmitted to Bank for ninety (90) days following the date of their transmittal. The Services hereunder are only designed to respond to information provided by Customer. Accordingly, any inaccuracy in any information provided by Customer may result in unintended processing by Bank. Bank bears no responsibility for detecting or reporting any error in data supplied by Customer and shall not be liable to Customer for any information provided by Customer with respect to an Entry which is inaccurate, incomplete or otherwise incorrect.

5. Entry Limits and Payment

Customer shall at all times maintain a settlement account with Bank for the purpose of funding Customer’s Entries (“Settlement Account”). Bank will establish a daily limit of the total dollar amount of Entries initiated by Customer on a single day (“Risk Limit”). The Risk Limit will be determined based on the typical dollar amount of Entries initiated by Customer on a single day and may be adjusted based on underwriting criteria established by Bank. Bank may require from time to time, at its sole discretion, the pre-funding of the total dollar amount of Entries initiated by Customer. Establishment of a Risk Limit should not be interpreted or construed by Customer as a commitment or agreement to provide any credit or loans to a Customer and is subject to modification or termination at any time by Bank. Customer agrees that it will not initiate Entries in excess of its Risk Limit without the written consent of Bank. Customer shall pay Bank for all Entries and authorizes Bank to charge its Settlement Account or any other account with Bank in the amount of such Entries. Bank shall have the right to reject Entries initiated by Customer if Bank has reason to believe that there will be insufficient available funds on the relevant settlement date. Bank shall notify Customer upon such rejection. Customer will receive funds for any Debit Entry on the ACH settlement date. Bank shall credit the Settlement Account in any amount payable to the Customer, subject to Bank’s right to make adjustments in accordance with this Agreement. Bank may establish, monitor and periodically review Customer’s Risk Limit and Customer’s compliance

thereof, and may cease processing Entries based on such review, after notifying Customer in writing.

6. Data Breach Notification

Customer may have gathered personal or financial information of its customers for the purpose of initiating ACH transactions. Such information may include, without limitation, the customer's bank account number together with bank routing number, or the customer's name together with the customer's social security number or tax identification number. Customer agrees to immediately report to Bank any loss, theft or unauthorized access of such information ("Data Breach") by or from Customer or an Authorized Signer or Authorized User, if circumstances indicate that the misuse of such information has occurred or is reasonably possible. Customer acknowledges that Bank may have an obligation to report any Data Breaches to NACHA and other affected parties, and agrees to establish appropriate procedures to prevent, detect, investigate and report data breaches.

7. File Confirmations

Customer shall at all times comply with any applicable file confirmation procedures established by Bank and any security procedures established by Bank or Customer. Such procedures are solely for the purpose of verifying the origination of Entries by Customer or Bank's receipt of the ACH file and/or batch (but not for errors in transmission or content).

Bank shall provide Customer with a confirmation that Bank received Customer's ACH file and/or batch in a manner applicable to the Service through which Entries are made. After Customer receives the confirmation, Customer will compare the confirmation information to Customer's ACH transmission information. If the information does not match, Customer shall notify Bank before Bank's established deadline, failing which, Bank shall process Customer's ACH file and/or batch. Customer acknowledges that the confirmation is for the sole purpose of verifying Bank's receipt of the file and does not signify any validation of data. Customer bears sole responsibility for any inaccurate or incomplete information provided to Bank if Customer fails to notify Bank prior to Bank's processing of Customer's file.

8. Rejected and Returned Entries, Unauthorized Entries

Bank may reject any Entry that is not initiated in accordance with this Agreement. In the event that an Entry is rejected, or returned by an ACH processor or Bank, for any reason whatsoever, it shall be Customer's responsibility to reinitiate the Entry. Bank will give Customer or its designated Agent notice of any rejected or returned Entry in the manner agreed to by the parties. Bank is authorized to debit/credit the Settlement Account for Entries that are returned to Bank. Unless the return is caused by Bank's failure to properly execute an Entry, Bank has no obligation to pay Customer interest on the amount of any returned Entry debited from the Settlement Account. A Receiver may, in some cases, have the right to have an unauthorized or erroneous Debit Entry credited to its account. Customer agrees that Bank may deduct the amount owing to the Receiver from Customer's Settlement Account upon Bank's receipt of proper notice from the Receiver's bank. Bank may charge back against Customer any Debit Entry that is returned or reversed by the Receiving Depository Financial Institution.

9. Notifications of Change

Bank shall provide Customer all information, as required by the Rules, with respect to each Notification of Change ("NOC") Entry or Corrected Notification of Change ("Corrected NOC") Entry received by Bank relating to Entries transmitted by Customer. Bank must provide such information to Customer within two (2) Business Days of the date in which final settlement of funds occurs as a result of an ACH entry (the "Settlement Date") of each NOC or Corrected NOC Entry. Customer shall ensure that changes requested by the NOC or Corrected NOC are made within six (6) Business Days of Customer's receipt of the NOC information from Bank or prior to initiating another Entry to the Receiver's account, whichever is later.

10. Prenotification

Customer may send a prenotification that it intends to initiate an Entry to a particular account in accordance with the procedures set forth in the Rules or by Bank. The prenotification can be returned or result in a Notification of Change ("NOC"). If the prenotification is returned, Customer shall research the problem and make any necessary corrections before transmitting another

Entry. If the prenotification results in a NOC, Customer shall make the required change prior to initiating another Entry.

11. Amendment of Entries

Customer does not have the right to delete or amend any Entry after it has been received by Bank unless agreed to prior by Bank. If such rights are granted, Customer may initiate an amendment to ACH Entries after receipt by Bank. Customer may initiate such amendments in accordance with the terms of this Agreement and all communications must be received by Bank prior to the established Deadline in order to be effective.

12. Customer Representations and Warranties

Customer represents and warrants to Bank that each Entry complies with the terms of this Agreement and Rules, does not breach any warranty of Customer or Bank contained in this Agreement and Rules, complies with applicable state and federal laws, including, without limitation, the Electronic Funds Transfer Act, Regulation E and regulations promulgated by OFAC, is accurate, timely, and authorized and that any debit entry is for a sum that on its settlement date is due and owing from the Receiver to Customer or is a correction of a previously transmitted erroneous credit entry. With respect to each Entry (regardless of SEC Code), Customer is deemed to make to Bank any representation or warranty that Bank makes, under applicable law and Rules to any person, Receiving Depository Financial Institution ("RDFI"), or any other transferee. Receiver authorizations shall expressly authorize Bank to transmit corrective entries to Receiver's accounts to correct a prior Entry and shall authorize Customer to release to Bank all information concerning its Receivers that is required by Bank to recover such Entries. Customer shall immediately cease initiating Entries upon receiving actual or constructive notice of the termination or revocation of the Receiver's authorization. Customer will retain each authorization received by Customer for such period of time as may be required by the Rules or applicable law but for a period not less than two (2) years after the date of expiry and shall provide Bank with copies of such authorizations upon request. Bank shall not be liable for any and all fines, claims, demands, expenses, losses, liabilities, and damages, including reasonable attorney fees and court costs at trial or on appeal that arise directly or indirectly out of any Entry initiated by Customer in violation of this Agreement or applicable Rules.

13. Re-presented Check Entries

The Rules allow Customer to initiate an Entry to collect certain checks that have been returned unpaid for insufficient or uncollected funds ("RCK Entry"). In the event that Customer initiates an RCK Entry to Bank for check collection purposes, Customer agrees that such RCK Entry will comply with all provisions of this Agreement and applicable Rules and makes the following additional representations and warranties regardless of which entity initiates the RCK Entry on its behalf: (a) each check is eligible under the Rules to be collected via an RCK Entry; (b) Customer has no knowledge of any insolvency and it has good legal title to the returned item; (c) all signatures on the returned item are authentic and authorized, and the returned item is without alteration, not subject to claims or defenses, and will not be presented to the paying bank; (d) the RCK Entry accurately reflects the item and any information encoded after issue in magnetic ink is correct (RCK Entries cannot be used for collection fees); (e) any restrictive endorsement placed on the item is void or ineffective; (f) Customer has provided clear and conspicuous notice of its electronic check representation policy in advance of receiving the item to which the RCK Entry relates; and (g) Customer will provide to Bank immediately upon request a copy of the front and back of the returned item, provided that the request is made within seven (7) years of the settlement date of the RCK Entry.

14. Internet-Initiated Entries

The Rules allow Customer to initiate a Debit Entry to a consumer Receiver's account pursuant to an authorization obtained from the Receiver via the Internet ("WEB Entry"). In the event that Customer initiates a WEB Entry to Bank, Customer agrees that such WEB Entry will comply with all provisions of this Agreement and applicable Rules and makes the following additional representations and warranties regardless of which entity initiates the WEB Entry on its behalf: (a) Customer has employed a commercially reasonable fraudulent transaction detection system to screen each WEB Entry; (b) Customer has employed commercially reasonable methods of authentication to verify the identity of the Receiver; (c) Customer has taken commercially

reasonable steps to verify that routing numbers are valid; (d) Customer has established a secure, by commercially reasonable standards, Internet session prior to the key entry by the Receiver of any banking information and through the transmission of the data to Customer; and (e) Customer has and will conduct an annual audit to ensure that the financial information that Customer obtains from Receivers is protected by security practices that include adequate levels of (i) physical security to protect against theft, tampering, or damage, (ii) personnel and access controls to protect against unauthorized access and use, and (iii) network security to ensure secure capture, storage and distribution of financial information. Customer will provide proof of Customer's security audits to Bank upon request. Any such information provided to Bank shall be kept confidential. Bank may cease processing Entries for Customer if Bank in its sole discretion determines that Customer's security procedures are inadequate.

15. Telephone-Initiated Entries

The Rules allow Customer to initiate a Debit Entry to a consumer Receiver's account pursuant to the Receiver's oral authorization and banking information obtained via the telephone ("TEL Entry"). In the event that Customer initiates a TEL Entry to Bank, Customer agrees that such TEL Entry will comply with all provisions of this Agreement and applicable Rules, and makes the following additional representations and warranties regardless of which entity initiates the TEL Entry on its behalf:

a. Receiver Authorization. Customer shall obtain the Receiver's explicit authorization prior to initiating a Debit Entry to the Receiver's account. In the event that Customer obtains the Receiver's authorization verbally, Customer will either tape record the Receiver's oral authorization or provide, in advance of the settlement date of the Entry, written notice to the Receiver that confirms the oral authorization. Customer agrees that, at a minimum, the following specific information is disclosed to, and acknowledged by, the Receiver during the telephone call: (i) the date on or after which the Receiver's account will be debited; (ii) the amount of the Debit Entry to the Receiver's account; (iii) the Receiver's name; (iv) a telephone number that is available to the Receiver and answered during normal business hours for customer inquiries; (v) the date of the Receiver's oral authorization; and (vi) a statement that the authorization obtained from the Receiver will be used to originate an ACH debit to the Receiver's account. To the extent applicable, Customer shall retain either the original or a duplicate tape recording of the Receiver's oral authorization or a copy of the written notice confirming the Receiver's oral authorization for two years from the date of the authorization, and shall immediately provide same to Bank upon request. If Customer chooses to provide the Receiver with written notice confirming the Receiver's oral authorization, Customer will disclose to the Receiver during the telephone call the method by which such notice will be provided.

b. Security Procedures. In addition to all other representations and warranties contained herein, Customer also represents and warrants the following each time it delivers a TEL Entry to Bank that it has (i) utilized a commercially reasonable security procedure to verify the identity of the Receiver, including name, address and telephone number and (ii) further that Customer has established commercially reasonable procedures to verify the accuracy of the Receiving Depository Financial Institution's ABA routing and transit number.

16. Accounts Receivable and Back Office Conversion Entries

The Rules allow Customer to utilize Entries to collect consumer check payments received via U.S. mail or at a drop box location ("ARC Entry"). The Rules also enable Customer to convert during back office processing of checks presented either at the point of purchase or a manned bill payment location ("BOC Entry"). In the event that Customer initiates an ARC or BOC Entry to Bank, Customer agrees that such ARC or BOC Entry will comply with all provisions of this Agreement and applicable Rules and makes the following additional representations and warranties regardless of which entity initiates the ARC or BOC Entry on its behalf: (a) prior to the receipt of each check, Customer has provided clear and conspicuous notice to the Receiver (i) that receipt of the check is authorization for a payment as a check transaction or for a one-time ACH debit to the Receiver's account, (ii) that funds may be withdrawn from the Receiver's account the same day payment is made, (iii) that the Receiver will not receive the check back from the Receiver's financial institution and (iv) of Customer's phone number for inquiries regarding BOC

Entries; (b) Customer has established reasonable policies and practices for enabling a Receiver to opt-out of check conversion as a form of payment (c) each check is eligible as a source document under the Rules to be collected via an ARC or BOC Entry; (d) the amount of the entry, the routing number, the account number, and the check serial number are in accordance with the source document; (e) the source document to which the ARC or BOC Entry relates will not be presented for payment; (f) Customer has established policies and procedures to destroy the source document as soon as is reasonable and shall use commercially reasonable methods to securely store the source document until such destruction; (g) Customer shall use commercially reasonable methods to securely store banking information relating to the ARC or BOC Entry; (h) Customer shall retain a reproducible and legible image, microfilm or copy of the front of the Receiver's source document for two (2) years from the settlement date of each ARC or BOC Entry, and shall immediately provide same to Bank upon request, unless bank's BOC service automatically retains such image; (i) for BOC Entries, Customer has employed commercially reasonable procedures to verify the identity of each Receiver of BOC Entries; and (j) for BOC Entries, Customer maintains a working telephone number that is answered during Customer's normal business hours for Receiver inquiries regarding BOC transactions.

17. Point of Purchase (POP) Entries

The Rules allow Customer to initiate a Debit Entry to a Receiver's account for in-person purchases made by check at the point-of-purchase ("POP Entry"). In the event that Customer initiates a POP Entry to Bank, Customer agrees that such POP Entry will comply with all provisions of this Agreement and applicable Rules and makes the following additional representations and warranties regardless of which entity initiates the POP Entry on its behalf: (a) Customer has posted a notice in a prominent and conspicuous location at the point-of-purchase and provided Receiver with a written notice of same (i) that when a check is provided as payment, it is authorization for payment as a check transaction or for a one-time ACH debit to the Receiver's account and (ii) that funds may be withdrawn from the Receiver's account the same day payment is made; (b) each check is eligible under the Rules to be collected via a POP Entry and the Receiver has not opted out of check conversion; (c) Customer has returned the voided source document to the Receiver after capturing the necessary check information and the source document was not previously negotiated, voided, or provided by the Receiver for use in any prior POP Entry; and (d) Customer has obtained the Receiver's authorization and provided a copy of same to Receiver, which (i) is in writing and signed or similarly authenticated by the Receiver, (ii) is readily identifiable as an ACH debit authorization, (iii) clearly and conspicuously states its terms and (iv) states that the check will not be processed.

18. Tax Payment Entries

If Customer elects and Bank agrees to offer tax payment Entries through Business Online Services, Customer acknowledges responsibility for enrollment in the Electronic Federal Tax Payment System ("EFTPS") through the Internal Revenue Service (IRS). Customer is also responsible for enrollment with any state taxing authorities for the purpose of making state tax payments using Business Online Services. In both cases, it is the Customer's responsibility to obtain, from the applicable taxing authority, the appropriate routing numbers and account numbers required for making such Entries. Bank will make available tax payment information through Business Online Services for the purpose of assisting Customer with the payment of federal and state taxes. Bank reserves the right to update tax payment information from time to time and makes no warranty that specific tax payment information will be available.

a. Requests for Payment. Requests for payment to tax authorities must be made in accordance with forms which Bank shall provide Customer, which may be amended by Bank from time to time at its discretion, and will be considered complete only if actually received by Bank. All tax payments must be initiated at least two (2) Business Days before the due date, otherwise payments may be subject to IRS or state penalties. Any request by Customer to make tax payments hereunder shall be submitted to Bank prior to the Deadline. Any such request received by Bank after its Deadline may be processed on the next Banking Day. In the event that an Entry is rejected or returned by an ACH processor for any reason whatsoever, it shall be Customer's responsibility to reinitiate the Entry. Bank will give Customer

notice of any rejected or returned Entry in the usual manner agreed to by the parties.

b. Liability. Bank shall not be liable for any penalties assessed by reason of failure of Customer to make any tax payments. Interruption of the Service or performance hereunder for any reason shall not relieve Customer of its obligation to make any required tax payments, and Bank shall not incur any liability to Customer for failure by Customer to make any such payment. If Customer elects to make a tax payment by any means other than through Bank, Bank shall not be liable for any penalties or interest arising from any error in due date or other calculations for payments made within the period in which such other payment was made.

19. Third Party Vendors

If Customer initiates Entries through a third party vendor or processor (“Vendor”), Vendor is the agent of Customer and not of Bank. If Customer uses a Vendor, Customer shall be deemed to have authorized Bank to follow the instructions of such Vendor to the same extent and under the same conditions as would apply if the instructions came direct from Customer and Customer shall be responsible for insuring that such Vendor fully complies with the Rules and this Agreement. Bank is not responsible for the acts or omissions of Vendor. For purposes of this Agreement, each Vendor shall be deemed an Authorized User.

20. Third Party Sender

If Customer is transmitting Entries as a third party vendor or processor on behalf of originators (each an “Originator” and collectively, the “Originators”), Customer agrees to be bound by the applicable terms provided in this Section E and the Rules. Customer warrants to Bank that the originator has agreed to assume the responsibilities of an Originator under the Rules and that ACH Entries shall not be initiated in violation of laws of the United States. Customer represents that it has executed an ACH agreement with each Originator and that the agreement binds the Originator to the Rules. Customer shall provide Bank with the list of Originators, copies of the agreements, and other information deemed reasonably necessary to identify the Originators within two (2) Banking Days of Bank’s request. Bank reserves the right to review the list of Originators for which Customer is transmitting the Entries and to reject any in Bank’s sole discretion. Customer, on behalf of the Originator, authorizes Bank to originate entries on behalf of the Originator to the Receiver’s accounts. As Originator, Customer agrees that Bank shall not be liable for any and all claims, demands, expenses, losses, liabilities, and damages, including reasonable attorney fees and court costs at trial or on appeal that arise directly or indirectly from the failure of the Originator to perform its obligations as an Originator under the Rules. Customer further agrees to assume all applicable responsibilities, warranties and liabilities of the ODFI, as specified in the Rules. Customer shall cooperate fully and respond within five (5) Business Days to any inquiry from Bank relating to potential Rule inquiries or violations. Customer agrees that an annual Rules audit will be performed and available upon request by Bank within five (5) Business Days of request. For purposes of this Agreement, each Originator shall be deemed an Authorized User.

F. Wire Transfer Services

1. Introduction

Bank sends outgoing and receives incoming wire transfers through Fedwire (the funds transfer system owned and operated by the Federal Reserve Banks) or other third party networks as Bank considers suitable. All funds transfers are governed by this Agreement, Subpart B of Regulation J of the Federal Reserve Board, OFAC regulations, and all other applicable federal, state and local laws and regulations. Customer agrees not to initiate or receive a wire transfer payment order in violation of applicable federal, state or local law. Customer will designate to Bank Authorized Users to initiate payment orders and select advice methods, confirmation methods, and any or all authorizations and instructions that may be requested by Bank. Bank may rely on any such authorization until it has been revoked in writing by Customer. Bank shall have a reasonable time to process any revocation received pursuant to this Section.

2. Routing/ Deadlines

Bank may use means and routes that Bank thinks in its own discretion are suitable for each outgoing wire transfer. Bank will establish Deadlines after which Bank will not accept an incoming payment order to be processed on the day of receipt. Bank may establish different Deadlines depending on the method of the payment order selected by Customer and all such Deadlines are subject to change. Payment Orders received after the Deadline or on non-Business Days will be processed on the next Business Day.

3. Payment Orders

a. Content of Payment Orders. Customer will supply to Bank any information Bank may reasonably request regarding any payment order initiated by Customer, including, without limitation, money amounts, affected accounts, dates of transfer, the beneficiary’s name and account number, the routing number or bank identifier code (“BIC”) of the beneficiary’s financial institution, such additional information as Bank may reasonably request and, if necessary, further evidence of any Agent’s authority to transfer funds or to do any other act contemplated by this Service. Customer agrees to hold Bank harmless from any loss that occurs if Customer’s instructions are incomplete, ambiguous, or incorrect. Bank is not required to seek clarification from Customer regarding ambiguous instructions.

b. Execution of Payment Orders. Customer authorizes Bank to debit Customer’s account(s) with Bank for payment orders delivered to Bank in accordance with this Agreement. Bank has no obligation to execute a payment order if the account to be debited has insufficient collected funds to cover the order.

c. Processing Payment Orders. The order in which Bank processes wire transfer payment orders is determined solely by Bank. Customer does not have the right to reverse, adjust or revoke any payment order after it has been received by Bank, provided, however, that Bank will make a reasonable effort to act on such a request by Customer. With respect to a payment order already transmitted to the beneficiary’s financial institution, Bank shall, at Customer’s request, request the financial institution to return funds previously transferred. Customer understands that the receiving institution is under no legal obligation to comply with this request.

d. Retraction of Payment Orders. Customer does not have the right to reverse, adjust or revoke any payment order after it has been received by Bank, provided, however that Bank will make a reasonable effort to act on such a request by Customer. With respect to a payment order already transmitted to the beneficiary’s financial institution, Bank shall, at Customer’s request, use its best efforts to retract a payment from the beneficiary financial institution. Customer understands and agrees that the receiving institution is under no legal obligation to comply with this request.

e. Rejection of Payment Orders. Bank may reject a payment order from Customer if such payment order is not initiated in accordance with the applicable security procedure, if there is any inconsistency between a payment order and information previously supplied to Bank, if Bank is unable to obtain confirmation of such payment order satisfactory to Bank, if there are insufficient collected funds in Customer’s account to fund the payment order, or if Bank has other reasonable grounds not to honor the payment order. Bank will notify Customer that it has rejected a payment order. Bank may also reject an incoming payment order if it has reasonable grounds to do so.

f. Standing Payment Orders. If requested by Customer and agreed to by Bank, Customer may establish a standing payment order, which is one where the Customer provides specific and fixed payment instructions to the Bank for a payment order that is to be executed on a recurring frequency. Standing payment orders must have a currency amount, beneficiary, beneficiary’s financial institution, and accounts to be debited and credited. Such information remains constant for subsequent payment orders. Customer shall provide Bank with the necessary information to execute the standing payment order, including, without limitation, the dollar amount to be transferred, the frequency of the order and the day of week or month when the payment order is to be executed. Customer may terminate a standing payment order at any time upon receipt by Bank of a written notice. Bank shall have a reasonable time to act on such notice.

g. Batch Wire Transfers

(i) Service Specifications. If requested by Customer and agreed to by Bank, Customer may initiate payment orders in batch form to Bank, subject to the provisions of this Agreement. Customer will comply with interface specifications established by Bank, including, without limitation, file formats and means of data transmission (the “Specifications”). Bank may furnish Customer with modifications to the Specifications and Customer shall implement such modifications as soon as reasonably practicable.

(ii) Wire Transfer Software. Customer shall be solely responsible for creating the computer programs to implement the Specifications (“Wire Transfer Software”). Customer shall implement passwords and other security devices commensurate with the highest level of security afforded by Customer to other computer programs and confidential information of Customer.

4. Confirmation of Outgoing Wire Transfers

a. Confirmation Method. Customer and Bank shall agree to the method of confirming payment orders received from Customer. Customer shall designate Authorized Users to initiate and verify payment orders. Bank recommends dual control to confirm payment orders as part of Bank’s Standard Security. Notwithstanding Bank’s recommendation, if Customer permits an Authorized User to both initiate and verify a payment order, Customer hereby authorizes Bank to process a wire initiated and verified by such Authorized User. Customer may add, change or delete the Authorized Users in accordance with this Agreement. In the event the designated Authorized Users with authority to verify are not available to verify a payment order, Customer agrees that Bank may, at its discretion, elect to process the payment order initiated by an Authorized User. Customer agrees to be bound by any such payment order processed by Bank.

b. Waiver of Confirmation. Bank advises Customer not to waive confirmation. If Customer, however, chooses to waive confirmation, Customer agrees to be liable for all outgoing payment orders. Customer acknowledges that not using confirmation procedures substantially increases the Customer’s risk of liability for an unauthorized wire transfer.

c. Confirmation of Wire Transfers Initiated through electronic Bank applications. The confirmation of payment orders initiated by Customer through Internet Services shall be verified and approved by Customer prior to their transmission to Bank. All payment orders shall be initiated and confirmed in accordance with the security procedures established for the relevant Service.

5. Advices

a. Advices by Mail. Unless otherwise requested Bank will mail daily to Customer at the address provided to Bank notification(s) of all transfer(s) made. Customer will promptly report in writing to Bank any discrepancies between Customer’s records and the notification mailed by Bank. In no event will Bank be liable with respect to any transfer unless Bank receives Customer’s report of a discrepancy within fourteen (14) days after the day that Bank mails notification to Customer.

b. Advices by Facsimile and/or Email. If Customer selects advices by facsimile (“fax”) and/or email, Customer shall exercise extreme care in maintaining its own security in the receipt of fax and/or email advices. Customer acknowledges that the information to be received by fax and/or email may include confidential information, including, without limitation, names, amounts, phone numbers, originating account information, and the text of incoming wires. Customer further acknowledges that it alone assumes full responsibility for maintenance of its internal security procedures to keep such information confidential. Bank shall not be liable for any and all claims, demands, expenses, liabilities and damages, including attorney fees at trial and on any appeal or petition for review, incurred by Bank arising directly or indirectly from the transmission by fax and/or email of a wire transfer advice.

c. Waiver of Advice. Customer may waive its right under the Uniform Commercial Code as adopted from time to time to receive advices by so indicating on the applicable Implementation Documents or by submitting the request in writing to Bank.

6. International Wire Transfers

a. General. Wire Transfers across country borders are customarily done by Bank through a correspondent. Unless otherwise agreed upon, any fee, commission or charges assessed by the correspondent shall be passed on to the Customer or deducted from the wire transfer amount by the correspondent. Payment to a foreign country is subject to the laws of the foreign country involved. Bank assumes no liability for delays, non-delivery or other events resulting from causes beyond Bank’s control. In refunding unexecuted payment orders, Bank shall be liable to Customer only to the extent it receives payment from the correspondent financial institution processing the transfer. Cancellation of a transfer involving other than domestic currency is subject to any rate exchange loss as determined by Bank. Customer agrees to sell any canceled payment order to Bank at the then current applicable foreign currency buy rate.

b. Automatic Conversion. International Wire Transfers may, at Bank’s option, be automatically converted by Bank to the receiving financial institution’s national currency prior to transfer to such receiving financial institution, so long as the receiving financial institution is located in a country that, to Bank’s then-current knowledge, readily accepts such previously converted funds. Should the receiving financial institution reject the incoming Wire Transfer due solely to Bank’s automatic conversion to that financial institution’s national currency, Bank shall reimburse Customer the actual amount of any fees assessed by such financial institution that are related solely to the rejection of the Wire Transfer due to Bank’s automatic conversion.

7. Wire Transfer Numbers

Customer’s obligation to pay Bank the amount of the funds transfer in the event that the Fedwire message does not identify the same account or financial institution is not excused in such circumstances. When names and numbers are inconsistent, the numbers shall control. With respect to incoming wire transfers that do not indicate an account number recognizable to Bank; Bank may return the wire transfer to the sending financial institution without incurring any liability.

8. Reverse Wire Transfers

a. Authorized Debits. If requested by Customer and agreed to by Bank, Customer authorizes Bank to debit Customer’s account(s) with Bank upon receipt of a Fedwire drawdown request, and to send funds to the Requesting Bank. Each transfer will be done on the Business Day Bank receives the incoming request from the Requesting Bank if the request is received within a reasonable time to determine whether Customer’s Account has sufficient collected funds and to obtain access to the Federal Reserve network prior to the close of business.

b. Reverse Wire Funding. Customer agrees not to transmit any reverse wire request in excess of available collected balances on deposit in the designated account(s). Bank may reject any reverse wire request in excess of the collected and available balance. Requesting Bank will be notified if the request is rejected by Bank.

c. Authorizations. Customer’s authorization for reverse wire requests shall remain in effect until Customer gives written notice to Bank. Bank will have a reasonable time to act on any written notice received from Customer.

d. Limitation on Bank’s Liability. In consideration of Bank’s compliance with this authorization, Customer agrees that Bank’s treatment of any charge, and Bank’s rights with respect to it, shall be the same as if the entry were initiated personally by Customer. Bank shall have no liability if any charge is dishonored.

e. Request for Credit. Bank may, at its sole and absolute discretion, submit a non-value, request for credit message (a “Drawdown”) on behalf of Customer through Fedwire. Bank shall have no liability as to the results of any such Drawdown request.

G. Positive Pay Services

1. Introduction

Positive Pay Services are offered by Bank as the most effective way to minimize loss from fraudulent check issuance or payment. If Positive Pay

Services are requested by Customer and agreed to by Bank, Customer and Bank agree that in the event of an inconsistency between this Agreement and applicable law, the provisions of this Agreement shall prevail to the extent permitted. Nothing in this Agreement is intended to limit Bank's right to return an item unpaid if there are insufficient available funds in the designated account.

2. Format Specifications

Customer shall comply at all times with Bank's format and data transmission standards for the Positive Pay Service. Customer agrees to issue checks, drafts, warrants or other items (collectively, "Items") in accordance with Bank's specifications and will change the Item format when requested to do so by Bank. Bank shall not be responsible for correcting or resolving processing problems caused by substandard quality magnetic encoding. Customer may be required to supply Bank with sample Items for testing.

3. Positive Pay

a. Customer Responsibilities. Customer shall designate to Bank all account(s) that are to be used with the Positive Pay Service ("Positive Pay Account(s)"). Customer will provide Bank with a file of all outstanding Items prior to activation of this Service although activation may not be withheld shall it be deemed necessary by Bank. On each day that an Item is written against the Positive Pay Account, Customer shall supply Bank with all required Item issue information prior to the Deadline established by Bank. Such information shall include, without limitation, the account number, the issue date, the Item number and the face amount. Customer shall be responsible for the accuracy and completeness of all information provided to Bank.

b. Bank's Responsibilities. In reliance on the information provided by Customer, Bank shall create a master issue file for each designated Positive Pay Account ("Issue File"). Excluding valid stop payment orders, all Items that match by serial number and amount to Bank's Issue File will be deemed properly payable and Bank is authorized to pay all such Items.

c. Exception Items. Each Business Day, Bank shall report to Customer any Items that do not match the Issue File ("Exception Items") and, if requested and available, provide the front and back images of those Items for that day's presentment; provided, however, no images shall be provided in the case of electronically converted Items. Customer agrees to review and make payment decisions on the Exception Items prior to Bank's established Deadline. If Customer's requested default setup is for Bank to pay all Exception Items, then Bank is authorized to finally pay any Exception Item unless Customer has instructed Bank to return the Exception Item prior to the established Deadline. If Customer's requested default setup is for Bank to return all Exception Items, then Bank is authorized to return any Exception Item unless Customer instructs bank to pay an Exception Item prior to the established Deadline. Bank may rely on any instructions received from Customer that Bank reasonably believes to be genuine. Bank shall have no responsibility for any liability, loss or damage resulting from: (i) payment in accordance with this Section of any Exception Item that is altered or unsigned or which bears the forged or unauthorized signature of Customer; (ii) the return of any Exception Item to the depository bank in accordance with this Section; or (iii) Customer's failure to meet Bank's established Deadlines. Customer may be required to place a stop payment order on any returned Exception Item, which shall be subject to Bank's customary stop payment fee. Bank's failure to report a discrepancy will not discharge Customer's obligation with regard to any Item, and shall not obligate Bank to return any Item if it is otherwise properly payable.

d. Teller Positive Pay. All Positive Pay Accounts will interface with Bank's teller system unless otherwise agreed by Bank. Bank will compare Items presented for cash at a branch of Bank with Customer's Issue File if available. Customer agrees that Bank may refuse to cash any Item and such refusal will not be deemed to be a wrongful dishonor. In the event of dishonor, Bank will refer the presenter to Customer. Customer acknowledges that under some circumstances issuance information submitted by Customer may not be reflected in Customer's Issue File until the opening of the following Business Day. Customer agrees to follow established procedures should it need to manually add an Item to the Issue File. Bank will make reasonable efforts to assist Customer, but Customer acknowledges that Bank may be unable to

process such requests on a same day basis. In the event that Customer requests Bank not activate or temporarily deactivate teller positive pay, Customer agrees to assume all risk of loss for any Bank teller-cashed Item that would have been identified as an Exception Item prior to acceptance.

e. Payee Positive Pay. If Customer selects this option, Customer's Item stock shall first be tested to ensure it meets Bank's payee name readability rate. Customer shall designate to Bank all Positive Pay Accounts that shall use Payee Positive Pay. In addition to the Item issue information provided by Customer for the positive pay service, Customer shall supply Bank with the payee name(s) for each Item issued by Customer. Customer shall be responsible for the accuracy and completeness of the payee information provided to Bank. In reliance on the payee information provided by Customer, Bank will compare the payee information on the Item with Customer's Issue File for Items presented in the back office and at the teller line. Customer acknowledges that Bank will not be able to validate payee information for electronically converted Items presented to Bank for payment. Bank may, in its sole discretion, impose variable parameters for which the payee information will not be reviewed for certain Items processed through the back office. If such parameters are imposed, Bank agrees to assume the risk of loss for an Item that would have been identified as an Exception Item solely on the basis of the payee information. Customer agrees to cooperate fully with Bank for the purpose of investigation and collection of such Item.

f. Teller Payee Positive Pay. If Customer selects this option, Customer shall designate to Bank all Positive Pay Accounts that shall use Teller Payee Positive Pay. In addition to the Item issue information provided by Customer for the positive pay service, Customer shall supply Bank with the payee name(s) for each Item issued by Customer. Customer shall be responsible for the accuracy and completeness of the payee information provided to Bank. In reliance on the payee information provided by Customer, Bank will compare the payee information on the Item presented for cash at a branch of Bank with Customer's Issue File. Customer agrees that Bank may refuse to cash any Item where the payee name is not an exact match and such refusal will not be deemed to be a wrongful dishonor. In the event of dishonor, Bank will refer the presenter to Customer. Customer acknowledges that under some circumstances issuance information submitted by Customer may not be reflected in Customer's Issue File until the opening of the following Business Day.

4. Reverse Positive Pay

a. The Paid File. Customer shall identify all accounts subject to Reverse Positive Pay. When an Item is presented for payment against an identified Positive Pay Account, Bank shall notify Customer prior to the designated time, and in no case later than the Business Day following the day of presentment, of the Account number, Item number and amount of the presented Item (the "Paid File") and, if requested and available, shall provide Customer with the front and back images of the Items. By electing Reverse Positive Pay, Customer assumes all fraudulent and other risks associated with teller-cashed Items unless Customer provides standing instructions to Bank to disallow encashment at the teller line.

b. Payment Instructions. Customer shall compare the information provided by Bank with Customer's Item issuance records. Customer shall notify Bank prior to the Deadline established by Bank of Customer's decision on any reported Items that should be dishonored. Bank may rely on any instructions received from Customer that it reasonably believes to be genuine. Bank is authorized to finally pay any Item listed on the Paid File unless the Customer instructs Bank to return the Item prior to the established Deadline. Bank shall have no responsibility for any liability, loss or damage resulting from (a) a payment in accordance with this Section of any Item that is altered or unsigned or which bears the forged or unauthorized signature of Customer or (b) return of any Item to the depository bank in accordance with this Section. Bank reserves the right to require Customer to place a stop payment order on any Item to be returned. Any such orders will be subject to Bank's customary stop payment fee. Customer shall notify Bank by the designated Deadline if the Paid File has not been received from Bank. Bank will make reasonable efforts to provide the Paid File to Customer and honor Customer's instructions. Bank's failure to provide a Paid File will not discharge Customer's obligation with regard to any Item that was otherwise properly payable at the time of presentment.

5. Positive Pay – ACH Service

Positive Pay – ACH Service assists Customer in detecting fraud by electronically matching incoming ACH transactions to authorizations that Customer can create and manage online. If ACH Positive Pay Service is selected by Customer, Customer shall designate the account(s) maintained at Bank that are to be used with the ACH Positive Pay Service. Customer shall create authorizations for incoming ACH Debit Entries that it desires to post to the Positive Pay Account. Customer shall be responsible for the accuracy and completeness of all information provided to Bank. Bank will allow incoming ACH Entries that match Customer's authorizations to post to Customer's Positive Pay Account. Incoming ACH transactions that do not match Customer's authorizations will be treated as Exception Items, and Customer agrees to monitor, review and make payment decisions on the Exception Items prior to Bank's established Deadline. If Customer's requested default setup is for Bank to pay all Exception Items, then such Exception Items shall remain paid unless Customer has instructed Bank to return one or more Exception Items prior to the established Deadline. If Customer's requested default setup is for Bank to return all Exception Items, then Bank is authorized to return all Exception Items unless Customer instructs Bank to pay one or more Exception Items prior to the established Deadline. Bank shall have no responsibility for any liability, loss or damage resulting from: (a) payment in accordance with this Section of any exception item that is unauthorized; (b) the return of any exception item to the Originator in accordance with this Section; or (c) Customer's failure to meet Bank's established Deadlines. Bank's failure to report a discrepancy will not discharge Customer's obligation with regard to any item, and shall not obligate Bank to return any item if it is otherwise authorized.

6. Recommended Standard Security

Bank deems Positive Pay Services as Standard Security for protection of fraudulent activity against your Positive Pay Account(s). By waiving enrollment in Positive Pay Services, Customer agrees that Bank has exercised ordinary care in the payment of Items drawn against Customer's Account as provided by Articles 3 and 4 of the Uniform Commercial Code.

H. ACH Block Maintenance

If Customer elects and Bank agrees to offer the ACH Block Maintenance Service, Bank will return each ACH Debit Entry Bank receives for payment from Account(s) except for those Entries specifically authorized by Customer as indicated on the Service Documentation. Customer waives any claim of wrongful dishonor or return associated with any Entry that is so returned, and agrees that Bank will not provide other notice of the receipt or return of any such Entry. Customer further requests Bank to allow only Entries indicated on applicable Service Documentation as it may be modified from time to time. Such modifications shall not be binding upon Bank until it has received the required written notice and has had a reasonable opportunity to act on such instructions.

I. Remote Deposit Services

1. Introduction

Customer subscribes to, and Bank agrees to provide, as part of the Services, Remote Deposit Services. The Remote Deposit Service enables Customer to submit to Bank, for deposit to Customer's account(s), electronic check images and associated information ("Check Image(s)") in lieu of the original checks from which such Check Images were obtained.

2. Laws, Rules and Regulations

Customer agrees to comply with all existing and future operating procedures used by Bank for processing of transactions. Customer further agrees to comply with, and to be bound by, all applicable state or federal laws, rules and regulations affecting the use Check Images, including but not limited to, rules and procedural guidelines established by the Texas Department of Banking, the Federal Deposit Insurance Corporation ("FDIC"), Federal Trade Commission ("FTC"), the Federal Reserve, National Check Exchange ("NCE"), Small Value Payments Company ("SVPCo"), Viewpointe, Endpoint Exchange, Electronic Check Clearing House Organization ("ECCO") and any other clearinghouse or other organization in which Bank is a member or to which rules Bank has agreed to be bound or is bound by operation of law.

3. Equipment and Software

Bank is not responsible for, and shall not be liable with respect to any loss or damage to Customer with respect to, any failure of the equipment, software or services or any failure in the transmission of any Check Image to Bank. Notwithstanding anything in this Agreement to the contrary, if Bank provides any software in connection with the Service, Customer may use that software on only one machine. The software may not be provided to an agent without Bank's prior written consent, which may be conditioned upon the agent's agreement to contractual terms that are acceptable to Bank. Bank is not responsible for any computer virus or related problems that may be associated with using electronic mail or the Internet to deliver Services. Bank is not responsible for any errors or failures resulting from defects in or malfunctions of Customer's computer hardware or software. Bank advises Customer to scan its computer hardware and software on a regular basis using a reliable computer virus detection product in order to detect and remove computer viruses.

4. Images and Deposit Deadlines

Customer shall submit Check Images to Bank in such format, and with such associated check information, as Bank may specify from time to time. Check Images will be deemed to have been accepted by Bank for deposit on the date that the deposit is acknowledged by Bank's systems. Unless otherwise specified, acknowledgement of deposits will be in the Central Time Zone. The Deadline for same day credit is communicated via the Service Documentation. Deposits made after the Deadline will be posted the following Business Day. Availability of deposits is based on Bank's normal availability schedule as in effect from time to time unless Bank and the Customer have agreed on a different availability schedule. Bank reserves the right to reject any single Check Image or group of Check Images for any reason, before or after confirmation.

5. Transmission of Deposits

To ensure accuracy, Customer shall balance the deposit dollar amount to the sum of the Items ("Balanced Deposit") prior to transmitting the Deposit in accordance with the procedures. Customer may send multiple deposits to Bank throughout the day unless otherwise specified by Bank. Bank may establish a daily limit of the total dollar amount of deposits transmitted by Customer on a single day ("Deposit Limit"). The Deposit Limit will be determined based on the typical dollar amount of deposits transmitted by Customer on a single day and may be adjusted based on underwriting criteria established by Bank. If the total dollar value of the deposit exceeds the Deposit Limit, Bank may, at its option, refuse to accept the deposit that exceeds the Deposit Limit, or Bank may accept and process the deposit. Customer agrees not to exceed the Deposit Limit. Bank reserves the right to change the Deposit Limit. These modifications are effective immediately and may be implemented prior to Customer's receipt of the newly established Deposit Limit. Customer may contact Bank at any time to verify the current Deposit Limit.

6. Representations and Warranties

Customer warrants and represents, with respect to each Check Image submitted to Bank, that: (a) Customer is authorized to deposit each Check Image; (b) the Check Image accurately represents all of the information on the front and back of the original check, and that all such information is legible on the Check Image; (c) no person will receive presentment of the original check, a substitute check based on the original check, or a paper or electronic representation of the original check or a substitute check, such that that person will be asked to make a payment based on a check that it has already paid; (d) each Check Image meets the ANSI X9.37 standards for image quality (or such additional standard as may be adopted from time to time); (e) both the Customer and the clients with whom it does business are reputable and are not using Bank as a conduit for money laundering or other illicit purposes; and (f) transactions processed by Bank are not prohibited by any applicable law, regulation, rule, order or judgments.

7. Physical Check Retention and Internal Controls

Customer shall assume all responsibility for destroying the imaged physical checks with a minimum retention of sixty (60) days after processing. Physical checks shall be stored in a secure manner during the retention period and shall be properly shredded in accordance with industry standards after the retention period has expired. Upon request, Customer shall allow Bank to

review Customer's controls with respect to the storage and destruction of the physical checks and adhere to Bank provided best practices and procedures. Customer shall provide written notice to Bank of any changes to the information provided by Customer to Bank, including but not limited to: additional locations, any change in business, any new business, the identity of principals and/or owners, the form of business organization, type of goods and services provided, and method of conducting sales. Such notice must be received by Bank within five (5) Business Days of the change. Further, upon Bank's request, Customer shall provide updated information within five (5) days of such request. Bank retains the right to (a) review Customer's Item and business activity from time to time to confirm Customer is conducting business as stated by Customer at the time of the execution of this Agreement, and (b) re-price or terminate Bank's services based on changes to the facts previously stated by Customer.

8. Foreign Deposited Items

Customer shall not scan any foreign Items for deposit, even if they are in U.S. Dollars. Bank cannot allow any Item drawn on a foreign bank to be scanned and sent via electronic image. Examples of items that would not be accepted are those drawn on Banks in Canada, Mexico, or Europe, among others.

9. Endorsements

Customer is responsible for proper endorsement of checks prior to submitting it to Bank for deposit. Customer may request that Bank endorse checks electronically in lieu of physical endorsement if transmitted to Bank through DepositDirect software. In such case that Customer directs Bank to make an electronic endorsement, Customer shall indemnify and hold Bank harmless for any endorsement made on Customer's behalf.

10. Substitute Checks

Customer shall not scan any substitute checks for deposit. Substitute checks are printed representations of the original check that were converted to paper from an electronic image.

11. Contingency Plan

Customer agrees that in the event that Customer is not able to capture, balance, process, or otherwise transmit a deposit to Bank for any reason, including but not limited to communications, equipment or software outages, interruptions or failures, Customer will transport the physical checks and deposits to the closest office of Bank and deposit the original checks with Bank until such time that the outage or other interruption can be identified and resolved.

J. Lockbox Services

1. Lockbox Service Requirements

Bank provides retail and wholesale lockbox services ("Lockbox Services") in house or through third party vendors to assist Customers in expediting receipt of their remittances. As it relates to Lockbox Services, "Bank" shall have the meaning of Bank and / or third party vendor where applicable. Customer agrees to terms of this entire Agreement where applicable to third party vendors. Customer will have its customers forward their payments to the location designated by Bank ("Lockbox"). Prior to initiation of Lockbox Services, Customer must maintain a demand deposit account with Bank.

2. Access to Mail

Customer authorizes Bank to pick up mail at the appropriate postal facility, to have custody of the keys or combinations and unrestricted and exclusive access to such box, and to collect the mail therein to be processed by Bank as agreed by the parties. Bank shall process remittances in accordance with its standard procedures or in accordance with prior instructions received from Customer and agreed to by Bank. Upon termination of Customer's Lockbox Service, mail will be marked "Return to Sender" unless otherwise instructed by Customer.

3. Proprietary Rights

Bank possesses all proprietary rights to written material, including, without limitation, all computer programs written for Bank's Lockbox processing system, portable media, listings, and other documentation originated and prepared by Bank. Customer shall not duplicate, sell, or use in any manner such programs or documentation without the prior written consent of Bank.

4. Collections/Availability

Unless otherwise agreed, while Customer receives Lockbox Services, all collected funds held in the account shall be deemed to be Customer's funds for all purposes, including adjustment, attachment, execution, garnishment and other forms of legal process. The crediting and collection of items will be handled under the same agreement as applied to other commercial deposits and shall be subject to Bank's then current funds availability schedule.

5. Transmission of Information

Bank shall transmit to Customer remittance information or other information received at the lockbox ("Lockbox Information") via secure electronic transmission. Customer acknowledges that the Lockbox Information may include consumer information that is confidential and may be subject to privacy laws and regulations, including unauthorized access or breach notification regulations. Customer further acknowledges that Bank has a duty to protect Lockbox Information and ensure that it is safely delivered to Customer and that Bank has deemed secure electronic transmissions to be the safest mechanism for delivery. If Customer elects to receive the Lockbox Information using other delivery means including paper reports, CDs, DVDs, or other portable electronic media, Customer acknowledges that such delivery means are susceptible to risk and agrees that Bank shall not be liable for any obligations, liability or losses that results from the non-receipt, disclosure, dissemination, alteration or unauthorized access of the Lockbox Information.

6. Retail Lockbox Processing

Bank is authorized to open each envelope and remove the contents, disregarding all notations and other marks on the envelopes. Bank shall not examine checks or other items with respect to payee names, check dates and check signatures. Bank is not required to retain remittance envelopes or forward them to the Customer. Bank will disregard any restrictive notation on any check, including but not limited to "paid in full", whether preprinted or handwritten, and shall treat any such check as though such language did not appear thereon. Bank will process, endorse and deposit remittances in accordance with its standard procedures. If Bank is unable to determine the amount of a check, such check will be forwarded to Customer as non-processable. Bank will deliver miscellaneous enclosures, non-processable transactions and remittance data in accordance with the Implementation Documents. Payment coupons and envelopes submitted to Bank for processing must meet the specifications designated by Bank from time to time. All changes in coupon and return envelope design are subject to prior testing and approval by Bank. Bank may adjust the price for processing Customer's payments if changes are made to Customer's coupons and/or envelopes (including coupon scan line configuration) without such prior approval.

7. Wholesale Lockbox Processing

Bank is authorized to remove and examine the contents of each envelope in accordance with Bank's wholesale lockbox servicing guidelines and shall observe the following guidelines provided in this Section unless otherwise dictated by Customer in accordance with the Service Documentation. Bank shall capture, format and send remittance data to Customer via information reporting or data transmission in accordance with the Service Documentation. Customer shall not use any form of prepaid business reply mail envelopes for its lockbox remittances and shall review any proposed envelope changes with Bank prior to use.

a. Check Date. Bank will not examine any checks or other items with respect to check dates.

b. Check Amount. If Bank is unable to determine the amount of a check, such check will be forwarded unprocessed to Customer as an exception.

c. Payee. Checks made payable to the acceptable payees listed in the Service Documentation or any reasonable derivation thereof are acceptable for deposit. Checks made payable to others will be returned by Bank as exceptions.

d. Missing Signature. In the absence of a signature, Bank will process the check.

e. Exceptions. If a check is treated as an exception, it will be forwarded by Bank to Customer with the remittance data, and not deposited or otherwise reflected in the account of Customer.

f. Correspondence. Any correspondence, invoices and miscellaneous enclosures which are included with a payment, as well as any envelope that does not contain a check, will be returned to Customer.

g. Notation. Customer agrees that Bank shall make reasonable efforts to act on Customer's instructions regarding checks containing "paid in full" or other restrictive notation, whether preprinted or handwritten. Customer further agrees that Bank shall not be liable for identifying or failing to identify such notations.

8. Imaging Services

If Customer elects and Bank agrees to provide imaging services for all Customer remittance, correspondence, and checks, Customer agrees that Bank shall destroy all original documentation in a period not to exceed thirty (30) days unless otherwise requested by Customer. Customer also agrees that if document retention services are requested beyond thirty (30) days, additional fees may apply.

K. Controlled Disbursement Services

1. Disbursement Account

If requested by Customer and agreed to by Bank, Customer will open and maintain a demand deposit account ("Disbursement Account") and a primary funding account ("Funding Account") in accordance with Bank's Deposit Agreement. Bank reserves the right to require customer to use Bank's positive pay service in conjunction with the use of Disbursement Account(s). Customer hereby authorizes and directs Bank to act on its behalf and as its agent, as Bank in its sole discretion deems necessary or advisable, in performing any of the Controlled Disbursement Services and related Services.

2. Funding Procedures

On each Business Day, Bank shall electronically provide Customer with a report of the total aggregate amount of all presented disbursement checks to the Disbursement Account (the "Total Clearings"). Customer agrees to maintain sufficient collected balances in the Funding Account by the established deadline to fund the Total Clearings. Bank is hereby authorized to debit the Funding Account in an amount equal to the actual or estimated Total Clearings and to transfer funds in said amount for credit to the Disbursement Account. Bank reserves the right to convert the Disbursement Account into a standard prepaid checking account at any time upon notice to Customer. If Customer elects and Bank agrees to allow ACH disbursements drawn on the Disbursement Account, Customer agrees to utilize Bank's primary Routing Number (111322994) for those ACH disbursements. Customer also acknowledges that the Total Clearings report will only reflect total disbursement checks drawn on the Disbursement Account and agrees to fund the entire amount of ACH disbursements in addition to Total Clearings.

3. Special Circumstances

Customer acknowledges that Bank, under some circumstances beyond its control, may at times be unable to provide a report of the total amount of its Total Clearings early enough for Customer to make a complete and acceptable funding of the accounts. Customer nevertheless agrees to fund the Funding Account completely by using an estimate of the Total Clearings.

4. Return of Items Unpaid

Bank reserves the right, with reasonable notification, to return unpaid any or all Items presented for payment against the Disbursement Account in the event that: (a) there are insufficient collected and available balances on deposit in the Funding Account by the established deadline to fund the Total Clearings; (b) debits cannot be posted because the Disbursement Account or Funding Account is frozen, blocked, closed or because of any other condition; or (c) any communications failure or other condition prevents Bank from monitoring Customer's Items presented for payment.

5. Stop Payment Orders

Customer may issue stop payment orders on Items drawn on the Disbursement Account in accordance with Bank's procedures.

L. Cash Vault Services

1. U.S. Currency

The Terms "cash", "coin", "note" and "currency" as used herein shall refer to coin and currency of the United States. Customer shall not deposit coin or currency of any other country.

2. Account

All deposits of currency, coin, and checks will be credited to, and all withdrawals of currency, coin and checks will be debited against, Customer's deposit account at Bank which Customer has designated as being covered by the Services described herein.

3. Deposits

a. Customer shall supply and maintain clear, disposable, and tamper proof plastic bags for deposits. Plastic bags shall be sealed according to manufacturers' instructions. Customer will prepare deposits in good order as follows: (i) currency will be batched separately with each accompanied by a deposit ticket fully completed by Customer; (ii) currency will be banded with one hundred (100) notes of the same denomination whenever possible; (iii) deposits will be delivered by Customer's certified armored carrier to the secured facility specified by Bank; and (iv) to receive same date credit, deposits must be made prior to the daily cut-off time established by Bank from time to time, and any deposits received by Bank after its daily cutoff time may be considered to have been received on the next Business Day.

b. Bank will process Customer's deposits as follows: (i) deposits will be receipted and conditional (subject to verification) credit assigned based on the amount identified on the deposit ticket; (ii) deposit tickets that are missing, blank or do not contain legible "declared balances are subject to delayed ledger credit of one Business Day; and (iii) coins and currency will be counted and Bank's count will be the valid and controlling count.

c. If there is a currency and coin variance from the declared amount on Customer's deposit ticket, Bank shall adjust Customer's currency and coin deposits through a separate debit or credit to Customer's account. Any such adjustment shall not be reflected on Customer's deposit ticket. Deposit tickets containing a declared total that includes check deposits, may require a separate and additional adjustment for any variances to Customer's check deposits. Bank will notify Customer by means deemed appropriate by Bank of any deposit for which Bank's count varies from Customer's count. Upon request, Bank will provide Customer with any available information which may assist Customer in reconciliation of the difference.

d. Deposited items will be deemed received on the day of delivery if Bank receives the deposit prior to Bank's established Deadline. Deposits will be processed in accordance with normal Bank procedure and any applicable availability schedules. All deposits made by Customer shall be subject to verification and adjustment by Bank. Bank's verification shall be deemed correct and binding upon Customer for all purposes, absent manifest error.

4. Withdrawals

a. Bank may provide Customer with United States currency and coin in designated denominations from time to time as requested by Customer ("Change Orders"). All Change Orders will be charged to the account designated by Customer and must be picked up by Customer's agent. Only armored couriers may pick up Change Orders directly from a cash vault operated by Bank. Bank may release any Change Order to any individual that Bank reasonably believes to be Customer's agent. Customer shall be responsible for any Change Order after receipt thereof by the agent. Bank may specify a daily Change Order limit and Customer agrees that it will not initiate a Change Order in excess of the designated limit. In no event shall Customer initiate a Change Order in excess of the immediately available funds in the designated account.

b. Customer may order currency and coin from Bank as follows: (i) the preferred order for currency is in standard full strap quantities only; (ii) coin

may be ordered in standard full box units (50 rolls), individual rolls or loose standard bags only; (iii) a charge for the face value of the monies ordered will be made to the Account on the day the order is processed by Bank; (iv) orders for coin and currency may be placed no later than the Deadline established by Bank from time to time for delivery on the next Business Day (depending on Customer's location, select cash vault sites may require a minimum two-day lead time for coin and currency orders); and (v) Bank must be notified of any discrepancies pertaining to currency or coin orders within two Business Days of receipt by Customer of such currency or coin. Customer must return documentation to back-up outages such as strap, coin, wrapper and/or box.

5. Carrier Service

Any carrier service utilized to deliver or secure coin, currency or other property to or from Bank will act as the agent of Customer and not of Bank. Customer and carrier shall agree upon the delivery days and times. Customer will bear the entire risk of loss of coins, currency or other property of Customer when in the custody or control of Customer's carrier service.

6. Representations

Customer represents and warrants to Bank that (a) all funds deposited with Bank will be the proceeds of, and all funds ordered and withdrawn from Bank will be intended for use in, Customer's lawful activities and (b) all of Customer's transactions hereunder will be conducted solely on Customer's behalf and not on behalf of any other person or entity.

7. Regulatory Compliance

Customer shall provide Bank immediately upon request with any information, and otherwise shall cooperate with Bank in every way necessary in order to enable Bank to fulfill its obligations with respect to the reporting of transactions in coin and currency or any other regulatory requirement.

8. Cash Vault Agents

Bank from time to time may use any third party or agent to receive Customer's deposits, to deliver Customer's coin and currency orders, or to perform any other services of Bank hereunder. Bank will provide Customer with all necessary instructions for contact with such third party or agent. Bank's use of such a third party or agent shall not relieve Bank of its obligations or liabilities hereunder.

In order to facilitate customer Change Order requests through a third party cash vault, a minimum lead time of one Business Day, and in some cases longer, may be required in order to fulfill the request. In longer cases a customer's account will be debited the date the order is prepared, not the date of receipt.

Additionally, if deposits are accepted and processed through a third party cash vault, funds will be made available one Business Day after the third party cash vault has reported the deposit. All deposits are subject to the accurate and timely reporting of the third party cash vault.

M. Collection Items

1. Introduction

If requested by Customer and agreed to by Bank, Customer may initiate and receive collection items regarding automobile drafts ("Automobile Drafts"), oil and gas lease drafts ("Lease Drafts"), insufficient funds checks ("NSF Checks") and foreign dollar checks ("Foreign Checks") (Automobile Drafts, Lease Drafts, NSF Checks and Foreign Checks are sometimes referred to herein individually as a "Collection Item" and collectively as "Collection Items") through Bank, pursuant to the additional terms and conditions contained in this Section.

2. Compliance with Codes/Law

In addition to all other laws and regulations applicable to this Agreement, this Section is specifically and additionally subject to all applicable provisions of the Uniform Rules for Collections 522 ("URC 522") (together with applicable provisions of the Uniform Commercial Code as adopted in the State of Texas, the "Codes"), the sanctions, laws, regulations and orders administered by Office of Foreign Assets Control, and all other applicable federal, state and local laws.

3. Preparation of Collection Items

a. Incoming Collection Items. Bank shall prepare all incoming Collection Items and related trust receipts.

b. Outgoing Collection Items. Customer shall prepare and deliver to Bank all outgoing Collection Items in accordance with the terms hereof, including the additional collection requirements set forth in the Service Documentation (the "Additional Collection Requirements"). Bank shall transmit outgoing Collection Items in accordance with the terms hereof, including the Additional Collection Requirements.

4. Processing and Settling Collection Items

Bank shall process and settle Collection Items in accordance with the terms hereof and the requirements of the Codes. Collection Items shall be deemed received by Bank when actually received at one of Bank's collection locations (each, a "Collection Location" and collectively, the "Collection Locations") set forth in the Additional Collection Requirements. Bank is under no requirement to process any Collection Item that does not conform to the terms of this Agreement. Bank shall notify Customer of the receipt of any nonconforming or returned Collection Item within one (1) Business Day of Bank's receipt thereof; provided, however, that Bank shall have no obligation to resubmit a returned Collection Item.

5. Credit for Outgoing Collection Items

Customer may receive immediate ledger credit for deposited Automobile Drafts only, so long as Customer's Account with Bank is subject to negative collected balance assessments. Credit to Customer for Collection Items other than those subject to the terms of the preceding sentence shall be given upon Bank's receipt of funds from the collecting bank.

6. Payment for Collection Items

a. Incoming Collection Items. Customer shall pay all incoming Collection Items identified as "Site Collection" within three (3) Business Days of receipt thereof. Customer shall pay all other Collection Items within the time prescribed for each specific Collection Item. If payment from Customer for a Collection Item is not received by Bank on or before the Bank's due date, Bank may either return such Collection Item to Customer or debit Customer's Account for payment.

b. Outgoing Collection Items. Bank shall debit Customer's Account (i) for any outgoing Collection Item for which Customer received credit and for which payment in full has not been received by Bank on or before thirty (30) calendar days from the date that such Collection Item was processed by Bank, and (ii) for any outgoing Collection Item that is returned to Bank without payment.

7. Customer Account

Bank may, without prior notice or demand, obtain payment of any amount due and payable to it under this Agreement by debiting Customer's accounts identified in the Collections Authorization Form to be provided by Bank upon request. Customer shall at all times maintain a balance of available funds in such accounts sufficient to cover its payment obligations under this Agreement. In the event that there are not sufficient available funds in such accounts to cover Customer's obligations under this Agreement, Customer agrees that Bank may debit any Account maintained by Customer with Bank in order to obtain payment of Customer's obligations under this Agreement. Upon request of Bank, Customer agrees to promptly provide to Bank such information pertaining to Customer's financial condition as Bank may reasonably request.

8. Account Reconciliation

Collection Items processed by Bank or credited to Customer's Account maintained with Bank will be reflected on Customer's periodic statements issued by Bank with respect to the Account pursuant to the Deposit Agreement. Customer agrees to notify Bank promptly of any discrepancy between Customer's records and the information shown on any periodic statement in accordance with the Deposit Agreement.

9. Data Retention

Customer acknowledges that it is bound by, and agrees to comply with, all applicable provisions of the Codes, and the State of Texas Retention Guide,

with regard to Customer's responsibilities to retain Collection Items and related source documents. Customer agrees to provide Bank with copies of any such documents upon request by Bank.

10. Exposure Limits

Customer agrees that the ability to deposit Collection Items is subject to and limited by Exposure Limits determined by Bank in its sole and absolute discretion, which Exposure Limits may be adjusted by Bank from time to time upon fifteen (15) days' written notice to Customer. For purposes hereof, Exposure Limits are limits to the total deposited amount of Collection Items for which a corresponding Collection Item payment has yet to have been received.

11. Collection Authorized Users

a. Customer may designate authorized agents or individuals (each, a "Collection Authorized User" and collectively, "Collection Authorized Users") by completing the Collections Authorization Form, to act on behalf of Customer with regard to Collection Items. Customer may change Collection Authorized Users at any time by completing and delivering to Bank a new Collections Authorization Form; provided, however, that any such changes will not be effective upon Bank until Bank's Central Collection Department has received such Collections Authorization Form and has had a reasonable opportunity to act thereon.

b. If Customer believes or suspects any Collection Items to have been obtained from Bank by unauthorized persons, Customer agrees to immediately notify Bank. Notwithstanding the foregoing, no such notice shall affect the good faith Collection Services of Bank made prior to receipt of any such notification and Customer shall remain liable for the same.

c. Any Collection Item (or any request for cancellation, return or amendment of a Collection Item) received by Bank in good faith, which purports to have been authorized by Customer in accordance with the terms of this Agreement, shall be deemed a valid Collection Item or request and a valid obligation of Customer.

d. Bank may rely, and shall in no event incur any liability with respect to any action taken or omitted to be taken in reliance, upon any representation by an individual purporting to be a Collections Authorized User and having the reasonable appearance of one who is authorized to act as such pursuant to the Collections Authorization Form, and Bank shall not be responsible nor liable in any respect for any lack of actual authority of any such person.

12. Verbal Instructions

From time to time, Bank may choose, as an accommodation to Customer, to honor Customer's request to give Bank verbal instructions regarding Collection Items. Customer agrees that Bank may, in good faith, rely on such verbal instructions that purport to come from Customer or its Collection Authorized Users and Customer shall hold Bank harmless from and against any and all losses, claims, liabilities, damages, costs and expenses incurred or experienced as a result of Bank's reliance on such verbal instructions.

13. Rejection of Collection Items/Instructions

Bank is under no obligation to honor, either in whole or in part, and may reject, any Collection Item, or any instruction related thereto, which does not comply with the terms and conditions of this Agreement, or which violates any provision of the Codes or other federal, state or local law. Additionally, Bank may, at its sole and absolute discretion, reject any Collection Item that is not transmitted between financial institutions.

14. Cancellation or Amendment by Customer

Customer shall have no right to cancel or amend any Collection Item after its receipt by Bank. Notwithstanding the foregoing, Bank shall use reasonable efforts to act on a request by Customer for cancellation of or amendment to any Collection Item prior to Bank processing such item. Customer shall reimburse Bank for any expenses, losses, or damages Bank may incur in effecting or attempting to effect the cancellation or amendment of a Collection Item.

15. Responsibility for Content

In the performance of Bank's services with regard to Collection Items, Bank shall be entitled to rely solely upon the information, and the representations and warranties provided by Customer pursuant to this Agreement and shall not be responsible for the accuracy or completeness thereof. Customer shall at all times remain liable for the content and accuracy of each Collection Item.

N. Cash Management Sweep Services

1. Definitions

For purposes of this Section, the following definitions shall apply: (a) "Sub Account" means Customer's Account that initiates Transactions for Zero Balance Sweep; (b) "Master Account" means Customer's Account that is affected by Sub Account Transactions; (c) "Available Funds" means the total of the collected funds in the Account as of the close of business on any Business Day, determined in accordance with the manner in which Bank generally provides credit for deposited checks and other Items; (d) "Credit" means any loan arrangement which is designated as a line of credit where Bank has agreed will be subject to the Services described herein; (e) "Credit Agreement" means any loan agreement, promissory note, guaranty or other agreement, instrument or document which evidences, secures or guarantees the Credit; (f) "Deficiency Amount" means the amount by which the Target Balance exceeds the amount of available funds as of the close of business on any Business Day; (g) "Excess Funds" means the amount of Available Funds as of the close of business on any Business Day which exceeds the Target Balance; (h) "Guarantor" means any guarantor, surety, accommodation party or joint obligor of the obligations of Customer under the Credit; (i) "Target Balance" means that amount of funds which Customer desires to maintain in the Account and which is mutually agreeable to Bank and Customer from time to time; and (j) "Transaction" means a Loan Transaction, Repayment Transaction, or Book Transfer between Account(s) at Bank.

2. Overdrafts

Bank may debit the Account(s) as set forth below, even though, subsequent to such debit, and as a result of additional transfers or withdrawals from the Account, the return of checks unpaid, or any other cause, the Account becomes overdrawn. In such event, Customer will be assessed Bank's then prevailing charges for overdrafts.

3. Zero Balance Sweep Option

a. As of the close of business on each Business Day, Bank will determine the amount of Excess Funds, if any. If Bank determines that there are Excess Funds, Bank will debit the Sub Account and credit the Master Account in an amount equal to the amount of Excess Funds.

b. As of the close of business on each Business Day, Bank will determine the Deficiency Amount, if any. If Bank determines that there is a Deficiency Amount, Bank will debit the Master Account in an amount equal to the amount by which such available balance is less than the Target Balance.

c. If Bank has agreed to provide any other service to Customer pursuant to which Bank is authorized to transfer Excess Funds from the Account, (i) these Terms and Conditions shall prevail over the terms and conditions of such other service, and (ii) Bank shall not be in default as to such other service solely by reason of not initiating the transfer of Excess Funds under such other service.

4. Credit Sweep Option

a. As of the close of business on each Business Day, Bank will determine the amount of Excess Funds, if any. If Bank determines that there are Excess Funds, Bank will debit the Account and credit the Credit in an amount equal to the lesser of (i) the amount of Excess Funds or (ii) the outstanding principal balance of the Credit (a "Repayment Transaction"); provided, however, that Bank will not be required to initiate any Repayment Transaction in an amount less than a minimum sum mutually agreeable to Bank and Customer. Customer grants Bank a security interest in and right of set-off with respect to the Account for purposes of effecting Repayment Transactions.

b. As of the close of business on each Business Day, Bank will determine the Deficiency Amount, if any. If Bank determines that there is a Deficiency Amount, Bank will charge the Credit in an amount equal to the lesser of (i) the amount by which such available balance is less than the Target Balance or (ii)

the amount which is available to be borrowed under the Credit (the lesser of such amounts being referred to as the “Loan Amount”), plus the amount of any fees and charges under the Credit, and credit the Account in an amount equal to the Loan Amount (a “Loan Transaction”); provided, however, that Bank will not be required to initiate any Loan Transaction in an amount less than a minimum sum mutually established by Bank, and Bank will not be required to initiate any Loan Transaction if any default exists under any Credit Agreement or these Terms and Conditions or Bank is otherwise excused or prohibited under any Credit Agreement or applicable law from making an advance to Customer. In addition, Bank will not be required to initiate any Loan Transaction, and the Services hereunder shall immediately and automatically terminate without notice, if: (1) the Credit has matured or been terminated by Bank; (2) Customer has cancelled the Credit; or (3) Bank has demanded payment under the Credit.

c. If Bank has agreed to provide any other service to Customer pursuant to which Bank is authorized to transfer Excess Funds from the Account, (i) these Terms and Conditions shall prevail over the terms and conditions of such other service, (ii) Bank may initiate a Repayment Transaction or Loan Transaction under these Terms and Conditions in lieu of or prior to initiating the transfer of Excess Funds under such other service and (iii) Bank shall not be in default as to such other service solely by reason of not initiating the transfer of Excess Funds under such other service.

5. General Terms Applicable to All Investment Options

a. If an Investment Sweep Option has been requested and agreed to by Bank, Customer authorizes Bank to transfer funds on a manual or automated basis to and from the demand deposit account (“DDA”) and investment device selected by Customer. Funds will be transferred between the accounts so that: (i) to the extent funds are available in either account, Customer’s DDA maintains an average collected balance equal to a pre-established balance (“Peg Balance”); and (ii) any collected funds in the DDA that exceed the Peg Balance are invested by Bank as directed by Customer in accordance with this Agreement. Amounts invested in money market mutual funds, including investment income, will be liquidated and credited back to the DDA as needed so that the average collected balance of Customer’s DDA equals the Peg Balance. Amounts invested in other investment options, including interest or other investment income, will be credited back to the Investment Option account. Bank may limit the amount of excess collected funds that it will invest on behalf of Customer on any particular Business Day. Bank may also impose a maximum redemption amount to bring the DDA to the Peg Balance on a particular Business Day. If Customer’s Investment Option is not available on a given Business Day, then all excess funds will remain in the DDA until the next Business Day.

b. Bank is authorized to execute as Agent for Customer all certificates of ownership and other instruments required by law or by contract. Bank shall not be accountable for errors in judgment but only for gross negligence or willful misconduct. Bank shall not be required to comply with any direction of Customer which in Bank’s judgment, may subject it to liability or to defend or prosecute any suit or action unless indemnified in a manner and amount satisfactory to it.

c. Customer may, by written instrument executed by Customer and delivered to Bank, terminate this Service and withdraw from the account the principal and accumulated income upon paying all sums due to Bank and indemnifying Bank to its satisfaction against liabilities incurred in the administration of the account. (d) Bank will act as agent to invest on the order and for the benefit of Customer. The Services described herein are provided by Bank to Customer solely as bona fide treasury management services. Bank does not undertake any fiduciary obligation to Customer with respect to these services. Bank’s duties to act for Customer hereunder are solely mechanical and administrative in nature.

6. DDA Sweep

a. **Terms.** If Customer chooses to invest excess funds in a DDA Sweep Account, Customer and Bank agree that such DDA Sweep Account shall be governed by the terms of the PlainsCapital Bank DDA Sweep Agreement, to be entered into by and between Customer and Bank.

b. IMPORTANT DISCLOSURES REGARDING DDA SWEEP ACCOUNTS. DEPOSITS IN DDA SWEEP ACCOUNTS ARE UNCONDITIONAL OBLIGATIONS AND DEPOSITS OF PLAINSCAPITAL BANK. DEPOSITS IN DDA SWEEP ACCOUNTS ARE INSURED BY THE FDIC UP TO APPLICABLE LIMITS.

7. Repurchase Agreement Sweep

a. **Terms.** If Customer chooses to invest excess funds in repurchase agreements, Customer and Bank agree to be bound by the Master Repurchase Agreement with Bank. If Customer’s investments in repurchase agreements exceed its typical investment amount on a given Business Day, Customer agrees to notify Bank by providing sufficient advance notice to allow Bank to adequately collateralize the investments. Bank will exercise reasonable efforts to invest the entire amount but cannot guarantee full investment under these circumstances. If Customer fails to notify Bank in advance or if Bank is unable to invest any or all of the additional funds in repurchase agreements, Customer agrees that Bank may be required to withhold or withdraw any interest that may have been previously paid.

b. IMPORTANT DISCLOSURES REGARDING REPURCHASE AGREEMENTS.

PLAINSCAPITAL BANK REPURCHASE AGREEMENTS ARE UNCONDITIONAL OBLIGATIONS OF PLAINSCAPITAL BANK. PLEASE NOTE THAT ONCE FUNDS ARE TRANSFERRED FROM YOUR ACCOUNT TO YOUR REPURCHASE AGREEMENT ACCOUNT, THEY ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION. THESE FUNDS ARE SECURED BY U.S. TREASURY, FEDERAL AGENCY, AND GOVERNMENT SPONSORED ENTERPRISE SECURITIES.

8. Mutual Fund Sweep

a. **Terms.** If Customer chooses the Mutual Fund sweep option, excess funds will be invested in the INVESCO fund offered for this service. INVESCO or related parties serve as investment advisor, custodian, transfer agent, and accounting services agent and receive compensation for such services as disclosed in the prospectus for the selected fund.

b. IMPORTANT DISCLOSURES REGARDING MUTUAL FUND SWEEPS.

FUNDS INVESTED IN THE MUTUAL FUND ARE NOT DEPOSITS, ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, ARE NOT OBLIGATIONS OF, OR GUARANTEED BY, THE UNITED STATES GOVERNMENT OR ANY AGENCY OR INSTRUMENTALITY THEREOF, PLAINSCAPITAL BANK, OR ANY OF ITS AFFILIATES, AND ARE SUBJECT TO INVESTMENT RISKS, INCLUDING LOSS OF PRINCIPAL OF THE AMOUNT INVESTED. IN ADDITION, AN INVESTMENT IN A MONEY MARKET MUTUAL FUND IS NEITHER INSURED NOR GUARANTEED BY THE U.S. GOVERNMENT AND THERE IS NO ASSURANCE THAT THE FUND WILL BE ABLE TO MAINTAIN A STABLE NET ASSET VALUE OF \$1.00 PER SHARE.

c. CUSTOMER ACKNOWLEDGMENTS.

BY ACCEPTING THIS SERVICE, CUSTOMER HEREBY ACKNOWLEDGES THAT IT HAS RECEIVED A COPY OF THE PROSPECTUS OF ANY DESIGNATED FUND. PLAINSCAPITAL BANK IS NOT PROVIDING ANY INVESTMENT ADVICE HEREIN TO CUSTOMER AND MAKES NO REPRESENTATION OR WARRANTY AS TO THE SUITABILITY OR SAFETY OF THE INVESTMENTS IN ANY FUND OFFERED UNDER THIS SERVICE.

TAB 6

W

*orking as a Trusted Advisor for
Generations of Texas Families to
Build, Transfer and Preserve
Their Wealth*

Welcome to PlainsCapital Bank Wealth Management & Trust

You have worked hard and sacrificed to build your wealth. What does your wealth mean to you? Does it ensure your family's financial security? Does it provide you with the independence to realize your goals?

At PlainsCapital Bank Wealth Management & Trust, our goal is to work with you to protect and build your wealth and plan for the future with a focus on the wealth management issues which are of greatest concern to you. While wealth has many rewards, maintaining and building your wealth requires careful attention to issues such as how to manage your investments, how best to use your assets to maintain your family's financial security and how to plan for retirement. Let us use our decades of expertise to help you manage your wealth every step of the way.

Our Sole Focus Is Your Best Interest

Challenging economic times, political influences on financial markets and the uncertainty they bring, make your choice of a financial advisor more important than ever. Generally, financial advisors act either under a "suitability" standard or a "fiduciary" standard.

Financial professionals governed by the "suitability" standard are only required to suggest products that may be suitable for your objectives, your income and your age, and are not required to disclose possible conflicts of interest. Some investment products have sales commissions—monetary incentives for the advisors—that may influence advisors to suggest those products.



Under the "fiduciary" standard, advisors must always put their client's interests before their own. The fiduciary standard also requires disclosure of any possible conflicts of interest, for example those created by sales commissions. Individuals seeking wealth management services are increasingly choosing advisors who adhere to the fiduciary standard.

At PlainsCapital Bank, we are governed by the fiduciary standard in every service and product we offer. When you trust your financial future to our wealth management professionals, you can have confidence in knowing that we put your interests first in everything we do.

Investment Management

Our investment process begins with a complete understanding of your needs and goals, tolerance for risk, current portfolio mix, tax considerations and other unique needs and circumstances.

Our investment focus is on prudently growing your wealth over time, rather than chasing short-term gains. Experience has shown that capital growth is best achieved through a diversified, tax-sensitive investment approach. We use a multi-part process to develop an investment strategy customized to meet your particular situation.

Understand Your Goals

- Work with you to determine your risk tolerance
- Identify your current and future income needs, and help you plan for liquidity requirements
- Review and analyze other unique circumstances, such as preferences for socially responsible investing, existing investment concentrations and tax concerns

Create Your Investment Plan

- Quantify your return needs and risk preferences
- Determine an optimal asset allocation to help you reach your goals
- Understand your investment performance expectations

Build, Monitor and Manage Your Portfolio

- Construct your investment allocation with a tailored combination of appropriate investments
- Maintain reserves of cash and other short-term liquidity
- Execute your investment plan in a prudent, tax-efficient manner
- Adjust your investment allocation when needed, based on our monitoring of economic and market factors

Trusts and Estates

The administration of trusts and estates is at the core of our services and requires special expertise. At PlainsCapital, we work with you, your attorney and your accountant to help you create and implement your estate plan.

Living and Testamentary Trusts

Trusts are an important component of many estate plans. When utilized correctly they can:

- Preserve and grow your wealth for future generations
- Minimize taxes
- Provide for you in the event of incapacity or disability
- Provide for the long-term care of your spouse and children
- Fulfill your charitable wishes
- Provide asset protection from creditors

Estate Administration

Settling your estate and helping your family navigate through this difficult time is one of our most important responsibilities. When you appoint PlainsCapital Bank to serve as the executor of your estate, you can take comfort in knowing that your wishes will be carried out with care, compassion and professionalism.



Cash Flow Analysis

Our Wealth Management & Trust advisors can analyze your current and projected income and expenses to properly plan for expected liquidity needs. This analysis can include:

- Cash flow projections
- Spending plans
- Debt reduction strategies
- Scenario analysis (i.e. starting a new job or business, moving to a larger home, etc.)
- Financial goals planning (i.e. college funding, down payment for home purchase, etc.)

Real Estate and Oil and Gas Management

Whether you need assistance in negotiating an oil and gas lease, collecting revenues or reviewing and paying ad valorem taxes, our in-house oil and gas team can provide professional mineral management.

Our wealth management team also provides real estate management services to assist you with the job of managing your home, farm, ranch and commercial properties.

Retirement Planning

Our Wealth Management & Trust advisors can assist you in developing a sound retirement strategy to achieve your financial goals. We can also assist you in establishing and managing your Traditional, Roth and Rollover Individual Retirement Accounts.

Personal Administrative Services

Many clients prefer that we manage their personal financial needs, including the payment of selected household, family or other expenses. By having our staff assist in paying your bills, you can enjoy the freedom to spend time doing the things you enjoy.

Going the Extra Mile

When you choose PlainsCapital Bank as your trusted wealth management advisor, you have a team behind you every step of the way to help you preserve what you've earned, grow your assets and plan for the years to come. Our commitment is to go the extra mile in providing highly personalized attention to each client relationship. We have served generations of Texas families, and we look forward to serving yours.

Contact Us

For more information about our services, email wealthmanagement@plainscapital.com or give us a call.

Austin

512.469.5204

Fort Worth

817.258.3730

Dallas

214.252.4030

Lubbock

806.791.6836

McAllen

956.661.5465

Brownsville

956.554.7102

Harlingen

956.392.8006



Securities are not FDIC insured, are not deposits or other obligations of or guaranteed by PlainsCapital Bank or its affiliates, and are subject to investment risk, including possible loss of the principal amount invested. Past performance does not guarantee future results.

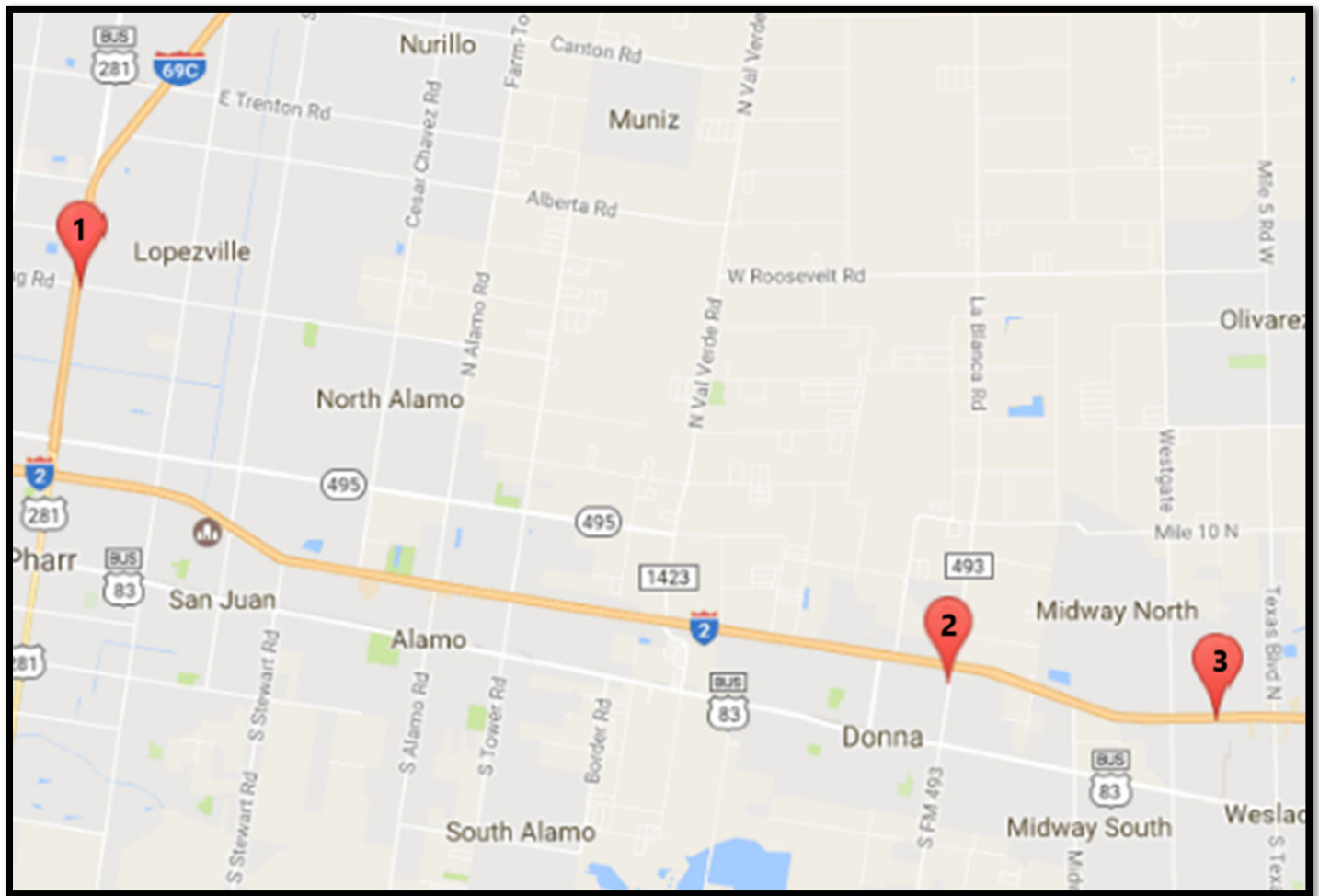
TAB 7

Treasury Management Primary Contacts

Market President: Larry C. Gonzalez Phone Number: 956-283-2255 Fax Number: 956-283-2257 Email: larry.gonzalez@plainscapital.com	Treasury Management Sales: Dacia Salinas Phone Number: 956-385-3513 Fax Number: 877-420-0037 Email: dacia.salinas@plainscapital.com
Public Funds Officer: Roxanna De Leon Phone Number: 956-380-8506 Fax Number: 956-385-3517 Email: roxanna.deleon@plainscapital.com	Public Funds Specialist: Dina Garcia Phone Number: 956-519-5984 Fax Number: 956-385-3517 Email: dina.garcia@plainscapital.com
Branch Manager: Elizabeth De La Cruz Phone Number: 956-283-2249 Fax Number: 956-283-2250 Email: elizabeth.delacruz@plainscapital.com	Treasury Support: Phone Number: 214-252-4003 Email: tmsupport@plainscapital.com



TAB 8



Upper Rio Grande Valley Branches

1. Nolana Branch

100 E. Nolana Loop
Pharr, TX. 78577
956-283-2240

2. Donna Branch

503 N. D. Salinas Blvd
Donna, TX. 78537
956-464-1510

3. Weslaco Branch

911 W. Expressway 83
Weslaco, TX 78596
956-973-3070



Texas National Bank



WE ARE...*Friendly!*



RENE J. JAMIE

Purchasing/Risk Manager

CITY OF SAN JUAN

709 S. Nebraska Avenue San Juan, TX 78589

RFP: 2019-2020 Depository Service Request #19-09-09-17

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Cover Letter



September 25, 2019

Mr. Rene J. Jaime
Purchasing/ Risk Manager
City of San Juan
709 S. Nebraska Avenue
San Juan, TX 78589

Dear Mr. Jaime,

Texas National Bank is pleased to offer our response to City of San Juan Request for Proposal for Bank Depository Services. We hope to supersede all expectations with the services and products we offer. Our mission is to provide City of San Juan with first-class products and services to minimize banking costs, improve operational efficiency and maximize earnings.

Texas National Bank is a minority-owned and locally managed community bank that provides a comprehensive suite of financial products and services geared towards the communities we have served since 1920. Being a community bank is more than a title, it is a reflection of where our priorities lie. We focus our attention on the needs of the families, small businesses, governmental entities and farmers here in the Rio Grande Valley. We work towards being a support system for all and believe in the success and growth of City of San Juan.

Texas National Bank is certified as a Community Development Financial Institution (CDFI) which designates the bank as a support for the local disadvantaged communities. TNB offers products and financial literacy to help accomplish CDFI's goals to expand economic opportunity to low-income communities. TNB provides access to unique financial products and services for local businesses and residents. As an advocate for community support TNB is proud of the efforts that have taken place to improve the lives of our neighbors.

Texas National Bank employees and directors are actively involved in the community. TNB employees serve on committees and boards for various non-profit organizations that assist local communities through volunteering and fundraising. TNB is also a huge supporter of Make-A-Wish with our annual Driving for Wishes Golf Tournament. Last year we had our 5th annual tournament and we have raised approximately \$350,000 since 2014. We believe that together we can do more, and we look forward to working together to make City of San Juan prosperous.

Mercedes Branch
(956) 565-2485

McAllen Branch
(956) 627-6800

Edinburg Branch
(956) 217-7100

Weslaco Branch
(956) 520-7022

Mission Branch
(956) 997-0040

Elsa Branch
(956) 567-2727

TNB has several years of experience providing depository services to governmental entities. Today, Texas National Bank's Public Fund Portfolio consists of 19 Public Fund entities with total combined deposits of approximately \$75,000,000.

The Texas National Bank team is knowledgeable in the products and services we offer and is committed to helping our customers to the fullest extent by being accessible around the clock. Providing excellent and genuine customer service has truly allowed our team to build strong relationships with our customers. Each TNB employee is committed to being customer centric to ensure that all of our customers are provided with a positive experience. This is reflected in the repeat business, loyalty from our customers and generated profits. We provide customer service not only through our employees but through some of our 24/7 technology based services. Texas National Bank offers online banking which allows your administration to check account information, transact with the bank and securely communicate with the bank at any time.

Texas National Bank has created partnerships with proven leaders in the industry when it comes to protecting our customers' information. We have invested in technology, continuous training and human capital to ensure the privacy and security of its customers, employees and bank's confidential information. External audits are conducted to ensure that our technology partners are keeping up with the demands of the evolving security threats. The Bank's Security Department and Training Department conduct mandatory training for all bank employees quarterly. We are proud to say that Texas National Bank has never been a victim of cyber-hackers.

Thank you for providing Texas National Bank the opportunity to respond to City of San Juan's Request for Proposal for Bank Depository Services. We look forward to your response and the opportunity to build a partnership with City of San Juan. In the meantime, I am available to address any questions you may have about our proposal and can be reached at (956) 731-6820. This proposal is valid for 90 days from the date of submission.

We look forward to having you as part of our Texas National Bank family.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Garza', with a stylized flourish at the end.

David Garza, CFO



Request for Proposal

REQUEST FOR SEALED PROPOSALS

Notice is hereby given that the City of San Juan is seeking sealed proposals addressed to Rene J. Jaime, Purchasing/Risk Manager, City of San Juan, 709 S. Nebraska Avenue, San Juan, Texas, 78589-2649 no later than Tuesday, September 17, 2019, 10:00 a.m., at which time they will be taken to the City Hall Conference Room.

DEPOSITORY SERVICES
REQUEST FOR SEALED PROPOSAL #19-09-09-17
PURCHASING CITY
OF SAN JUAN
709 S. NEBRASKA AVENUE
SAN JUAN, TEXAS 78589-2649

Specifications can be obtained by calling the Purchasing Department at 956.223.2200, by picking them up at the San Juan City Hall, 709 S. Nebraska, San Juan) Texas between the hours of 8:30 a.m. - 4:30 p.m., Monday thru Friday, or by downloading them from the City's web-site at www.cityofsanjuantexas.com.

Be advised that if a firm downloads the bidding documents from the web page and is contemplating on bidding on the project the respondent must register with the Purchasing Department so that any changes/additions via an Addendum can be forwarded to the firm. Register with the Purchasing Department by email at RJaime@sjtx.us. Please include in the subject line the bid name and bid number and in your email please request to be registered for bid notifications and include your firm's name, contact person's name and title, phone, and email address.

The City of San Juan reserves the right to refuse and reject any or all proposals and to waive any or all formalities or technicalities or to accept the proposal to be the best and most advantageous to the City, and hold the proposal for a period of 60 days without taking action. Proposals submitted past the aforementioned date and time will not be accepted.

Caution to those submitting bids; those not in the proper form may be rejected

DEPOSITORY SERVICES
STATE OF TEXAS
§
COUNTY OF HIDALGO

The City of San Juan (CITY) will request for and receive depository Sealed Proposals on Tuesday, September 17, 2019 at 10:00 a.m., addressed to Rene J. Jaime, Purchasing/Risk Manager, 709 S. Nebraska Avenue, San Juan, Texas, 78589-2649, the outside of the sealed envelope must be addressed as follows:

DEPOSITORY SERVICES
REQUEST FOR SEALED PROPOSALS # 19-09-09-17
PURCHASING
CITY OF SAN JUAN
709 S. NEBRASKA AVENUE
SAN JUAN, TEXAS 78589-2649

The successful respondent(s) will receive the depository contract for a period from October 1, 2019, through September 30, 2020. The City, at its option, may extend the agreement for an additional two years (at one-year intervals) under the terms and conditions set forth in this proposal. The City reserves the right to refuse and reject any or all proposals and to waive any or all formalities or technicalities or to accept the proposals to the best and most advantageous to the City, and hold the proposals for a period of 60 days without taking action. The City reserves the right to award the Depository Contract to more than one respondent. Proposals submitted past the aforementioned date and time will not be accepted. Cautioned to those submitting proposal; proposals not in the proper form may be rejected.

The successful respondent(s) will be bound by and must comply with the provisions of Vernon's Annotated Texas Statutes, Chapters 105, 2256, and 2257, Texas Government Code, and the CITY'S investment policy, inclusive, as amended.

The successful respondent(s) shall provide the City with the adequate insurance coverage as mandated by state law when submitting proposal.

Proposals must contain the following:

DEPOSITORY FOR FUNDS

1. Maintain custody of the CITY'S funds in Transaction Accounts (Demand, Money Market, etc.), at no charge to CITY. The number of accounts required may change throughout the term of the contract. Temporary overdraft in individual accounts will occur occasionally without penalty or service charge to the CITY as long as the aggregate funds in other Transaction Accounts are in the amount sufficient to meet the overdraft. Interest rate to be paid to CITY on Transaction Accounts will in no event be less than the greater of the 91 day Treasury Bill asked yield as quoted by Wall Street Journal on the first business day of the month to which it applies+/-_basis points, the BANK'S highest published rate, or the BANK'S highest rate paid to any other investor. The minimum rate to be paid to CITY will in no event be less than:_____. For the purpose of evaluating proposals, we have estimated an aggregate amount of \$5,000,000.00 for all accounts.

Texas National Bank will pay the City a variable rate which will be updated at the beginning of the month and calculated as follows:

35% of the US 3 month T Bill rate as quoted in the Wall Street Journal at the end of the day on the last business day of the month.

The minimum and maximum rates are 0.50% and 1.25%, respectively.

2. On Certificates of Deposits purchased by CITY, regardless of amount, the depository bank will pay interest, determined at purchase date, at the rate of: 1- 90 days - the asked yield of Treasury Bills as quoted daily in the Wall Street Journal to the nearest maturity of the Certificate of Deposit+/- _____basis points, the BANK'S highest published Certificate of Deposit rate, or the BANK'S highest rate paid to any other investor, whichever is greater. [Refer to page 4 of 8.](#)

For the purpose of evaluating proposals, we have estimated an aggregate amount of 1,000,000.00 for all accounts.

91-180 days -the asked yield of Treasury Bills as quoted in the Wall Street Journal to the nearest maturity of the Certificate of Deposit +/- basis points, the BANK'S highest published Certificate of Deposit rate, or the BANK'S highest rate paid to any other investor, whichever is greater. [Refer to page 4 of 8.](#)

For the purpose of evaluating proposals, we have estimated an aggregate amount of \$1,000,000.00 for all accounts.

181 days to one year the asked yield of Treasury Bills as quoted in the Wall Street Journal to the nearest maturity of the Certificate of Deposit +/- basis points, the BANK'S highest published Certificate of Deposit rate, or the BANK'S highest rate paid to any other investor, whichever is greater. [Refer to page 4 of 8.](#)

For the purpose of evaluating proposals, we have estimated an aggregate amount of \$1,000,000.00 for all accounts.

Over one year the asked yield of Treasury Notes quoted in the Wall Street Journal to the nearest maturity of the Certificate of Deposit +/- _____ basis points, the BANK'S highest published Certificate of Deposit rate, or the BANK'S highest rate paid to any other investor, whichever is greater. [Refer below.](#)

For the purpose of evaluating proposals, we have estimated an aggregate amount of \$1,000,000.00 for all accounts.

The aggregate amount is only an estimate. The CITY reserves the right to deposit a greater or lesser amount in its sole discretion. The CITY makes no representation as to the accuracy of such estimate.

Interest on above certificates of deposit will be computed monthly and reinvested into the certificate balance monthly. [Agree.](#)

BANK hereby agrees that the minimum interest rate of the Certificates of Deposit, regardless of time, will not be less than [0.50](#) % and in no event, less than the bank's current posted or published rate for like maturities.

BANK hereby agrees that the CITY shall be entitled to redeem Certificates of Deposit in whole or in part, prior to maturity, without penalty or adjustment of interest rate, and will pay interest on the redeemed Certificates at the stated rate. [Agree.](#)

[Texas National Bank is offering the following Certificate of Deposit products \(rates are subject to change after 180 days\):](#)

Term	Rate	Rate Type
3 Months	0.75%	Fixed Rate
6 Months	1.00%	Fixed Rate
12 Months	1.10%	Fixed Rate

- Any deviation from the proposal specifications set out in "A", shall be grounds for rejecting the proposal.

CITY hereby obligates itself during the period of this contract, or until a successor bank is selected as it depository after the expiration of the term hereof, to deposit with BANK all uninvested funds and monies of the CITY. CITY reserves the right to deposit its funds in such amounts as it sees fit in either Transaction Accounts or Time Accounts. CITY further reserves the right to withdraw any amount of such funds deposited hereunder for the purpose, and at the sole discretion of CITY, of investing such funds in any investment authorized by the Public Funds Investments Act, limited if applicable by the CITY'S Investment Policy. All deposits made by CITY in Depository Bank, except to the extent said deposit is guaranteed by the Federal Deposit insurance Corporation, shall be secured and guaranteed by a pledge to CITY of securities as set out below and shall deposit in joint safe keeping at a Federal Reserve

Bank. CITY will allow substitutions of securities upon written request and written approval, upon verification of equal market value and credit rating. Such securities shall be in the amount of market value equal to 110% of the amount of such deposits, plus the accrued interest thereon. The authorized types of securities are as follows:

- a. U.S. Treasury obligations and government agency securities, specifically, those issued by the Federal Home Land Bank, the federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Federal Farm Credit Bank, excluding mortgage-backed securities. [Agree.](#)

The Pledged Securities are pledged against the City of San Juan deposits plus interest accrued at BANKS OR BANKS and ownership shall be retained by BANK or BANKS unless and until the following events occur at a minimum:

- a. The appropriate regulatory agency declares BANK or any other of the BANKS holding CITY deposits to be insolvent or otherwise to be in default so as to prevent CITY from withdrawing any or all of its deposits. [Agree.](#)
- b. The Administrator of the Federal Deposit Insurance Corporation or his duly authorized representative declares formal action against BANK or any other of the BANKS holding CITY deposits declaring such BANK insolvent or otherwise under default so as to prevent CITY from withdrawing any or all of its deposits, at which time the securities shall be property of CITY without further action in the amounts equal to such deposits plus accrued interest only. CITY shall require a Safekeeping Agreement acceptable to both parties. [Agree.](#)
- c. BANK agrees to waive any; and all charges associated with the pledging of securities against CITY deposits. [Agree.](#)

CITY and BANK agree to enter into a written pledging Agreement which details collateral requirements in compliance with all Acts which pertain to the collateralization of deposits including, but not limited to, Section 1823(e) of the Financial Institution's Reform, Recovery and Enforcement Act of 1989 (FIRREA) which requires that the following form requirements are satisfied:

- 1. It must be in writing. [Agree.](#)
- 2. It must be executed contemporaneously with the acquisition of the asset by the depository institution. [Agree.](#)
- 3. It must be approved by the institution's board of directors or loan committee, and that approval must be reflected in the minutes of the board or loan committee. [Agree.](#)
- 4. It must be an official record of the depository institution since it was executed. [Agree.](#)

BANK LOANS

1. BANK shall at the CITY'S request; loan funds to CITY provided that CITY has funds on deposit in an amount equal to or greater than the loan request. The term of any such loan shall not exceed the term of the Depository Contract.

Interest to be paid by the CITY on money it borrows from the DEPOSITORY BANK shall be at the rate of Refer below % of Prime Rate as quoted in the Wall Street Journal at the time of the loan. Existing loans with present DEPOSITORY BANK will be paid off and financed at the new DEPOSITORY BANK at the lending rate established by the successful respondent with the same security as now exists on each of said loans.

BANK shall have the right to offset against CITY funds deposited with BANK in event of default by CITY.

*If the City request a construction/long term loan Texas National Bank will lend (***)The loan would be subject to Board Approval) money at a rate of Wall Street Journal Prime + 2%.*

OTHER SERVICES

1. BANK will provide CITY electronic access to all its accounts via computer modem or the internet. CITY will have ability to inquire, transfer, post stop payment orders, direct deposit payroll, originate. ACHs and wire transfers, bank reconciliation procedures as well as any other standard bank service at no charge to CITY. Computer equipment needed to facilitate this activity will be current CITY equipment, unless BANK requires specialized equipment to perform these services. Such equipment will be provided to CITY at no charge for the duration of contract.

Yes, the bank offers Business Online Banking as a solution that offers a full suite of features designed to meet the needs of the City free of charge.

2. BANK shall provide a check control (positive-pay) system, which will protect CITY from duplication and alteration of any of its checks. This service will be provided at no charge to CITY.

Yes, Positive Pay is available free of charge to the City.

3. BANK will provide account reconciliation of any and all CITY bank accounts on a semi-monthly basis or monthly basis, as required by CITY, at no charge to CITY. Such reconciliation will include check-imaging on CD-ROM.

Partial reconciliation services are available to assist with reconciliation of issued checks. Files can be downloaded or exported to your accounting software on a daily, weekly or monthly basis. File can be formatted to meet most software specifications.

4. BANK will provide for ACH processing of direct deposits of payroll at no charge.
[ACH services are available online with a recommended submittal deadline of 3:00 p.m. two days prior to the effective day. Funds must be available at the time the file is submitted. Individual ACH transactions can be initiated online.](#)

CITY INVESTMENTS

CITY invests a portion of available funds in U. S. Treasury and government Agency securities, pursuant to the Public Funds Investment Act and the CITY'S Investment Policy. BANK shall provide custodial services in the safekeeping of these investments, including the following:

1. Take the appropriate measures required for receiving or delivering out security trades made by the CITY on a delivery versus payment basis. [Agree.](#)
2. Maintain a separate Federal Reserve Bank account for the safekeeping of securities purchased by the CITY (such account is to be designated a City of San Juan account).
[Texas National Bank will use TIB as a safekeeping bank for all securities for the City. TIB will maintain a separate account that will be available for the City to access at any time.](#)
3. Provide monthly a statement of account holdings which includes original cost, estimated market value, yields and estimated annual income, along with a detailed statement of transaction activity.
[Texas National Bank will provide statements to the City with all the required details.](#)
4. The fees to be charged by the BANK for custodial services are as follow: (Please provide detailed costs on separate sheets).
[Texas National Bank is offering this service free of charge to the City.](#)

The following services shall be free of charge to CITY under the Depository Contract:

1. Supply Night Depository Bags and Keys. Number of bags required: at least, but not limited to 15 large bags; with replacement as needed. [Agree.](#)
2. Provide detailed statements of securities pledged against CITY deposits each Monday, periodically upon the release/pledge of collateral securities and as of last business day of month, including market valuation. [Agree.](#)
3. Other Services Required:
 - a. Safe deposit boxes as needed.
[Texas National Bank has Safe Deposit Boxes available at our Mercedes Branch. Two safe deposit boxes of 5 x 10 will be free of charge.](#)

- b. Checks, travelers and cashier's checks as needed.
Checks and Cashier's Checks will be available to the City.
- c. Money wrappers, envelopes, deposit slips, etc.
Envelopes and deposit slips will be available to the City free of charge.
- d. Foreign and domestic exchange.
Texas National Bank does not offer foreign exchange services. Domestic Exchange will be available to the City free of charge.
- e. Handling stop payments and customer returned checks.
To be effective, a stop-payment request must be received on time to give us a reasonable chance to act on it. A stop payment may be placed through a local branch or by phone from 8:00 a.m. - 5:00 p.m. Business Online Banking stop payments may be placed 24 hours a day 7 days a week. Stop payments remain in effect for 6 months. The city needs to renew the stop payment after 6 months if they want to keep the stop payment in place.
- f. Wire transfers as needed. A separate Wire Transfer Agreement with the CITY will be require.
The City will be able to initiate wires via Business Online Banking. You will first have to log in to the Business Online Banking system utilizing one of our two secure methods (token or OOBA). The user will have to enter the details for the wire on the system, and submit the wire for processing by the bank. All wires have a cutoff time of 3 pm for same day processing. Please refer to Attachment B for Sample of the Agreement.
- g. Any and all research charges.
None.
- h. Account analysis statements.
Account Analysis statements are available no later than the 7th business day subsequent to the end of month. Refer to Attachment C.

The CITY shall be allowed by the DEPOSITORY BANK to purchases Certificates of Deposit which mature after the ending date of the depository contract. The CITY shall be entitled to withdraw these Certificates of Deposit without penalty at the expiration of the depository contract, but in that event, the DEPOSITORY BANK shall only be obligated to pay interest rates comparable to rates paid for the term the Certificate of Deposit were actually held. Should the CITY elect to retain these Certificate of Deposit after the contract expiration date, the DEPOSITORY BANK shall be obligated to pay the stated rates of interest on the Certificated of Deposit, including partial or full redemptions prior to maturity, and continue to collateralize the investments as required by this proposal. [Agree.](#)

The depository agreement shall be subject to the Charter of the City of San Juan and its Investment Policy, as applicable, the statutes of the State of Texas, and of the United States of America, the rules, and regulations promulgated by the comptroller of the Currency of the United States of America, the Board of Governors of the Federal Reserve System, and the Board of Directors of the Federal Reserve Insurance Corporation as now in existence or as may be amended. [Agree.](#)

The depository agreement shall be binding on the DEPOSITORY BANK'S heirs, assignees, transferors, and successors upon the DEPOSITORY BANKS' merger or acquisition.

This depository proposal will be incorporated into the depository contract by the reference hereto as if written verbatim and in case of conflict, the provisions of this depository proposal shall control.

Dated on this the 25 day of September, 2019

Bidder: Texas National Bank

By: (Print Name) David Garza

Signature: 

Title: Chief Financial Officer

Attachment A – Depository Pledge Agreement
Sample



DEPOSITORY PLEDGE AGREEMENT

City of San Juan, (“Depositor”) has selected **Texas National Bank**, (“Bank”) as a depository for certain of its funds and Bank has agreed to act as the depository for those funds in accordance with applicable laws, which require that Bank secure the deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation (“FDIC”), by pledging securities (“Eligible Securities”) of any type (including without limitation surety bonds and investment securities) permitted by the provisions of the Public Funds Collateral Act, Title 10, Chapter 2257 of the Texas Government Code (the “Governing Statutes”). **Federal Reserve Bank** (“Custodian”) has agreed to hold the pledged securities in safekeeping pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants in this Agreement, Depositor, Bank and Custodian agree as follows:

1. **Grant of Security Interest; Instructions Regarding Collateral.** Bank hereby grants to Depositor a security interest in all Eligible Securities held by Custodian and reflected on Custodian’s records as being pledged to Depositor (the “Collateral”), and Custodian agrees to hold all Collateral deposited with it pursuant to the terms of this Agreement, and to serve as collateral agent for Depositor. Until Depositor has the right to compel sale of the Collateral under Paragraph 6 hereof, Custodian may act only in accordance with the joint instructions of Bank and Depositor, provided that Bank shall be permitted to unilaterally substitute Eligible Securities for the Collateral in accordance with Paragraph 3 hereof. Addendum “A” contains the names and specimen signatures of individuals authorized to act on behalf of Depositor, and Addendum “B” contains the names and specimen signatures of individuals authorized to act on behalf of Bank. Either Depositor or Bank may add or remove authorized representatives without the consent of the other at any time by providing Custodian with a replacement addendum, duly executed by an authorized individual.

2. **Amount of Collateral.** The aggregate market value of Eligible Securities held by a Custodian at all times during the term of this Agreement must be in an amount not less than **110** % of (a) the amount of the collected funds on deposit, increased by (b) the amount of accrued but unaccredited interest, (c) reduced by that portion of the funds insured by the FDIC. Such amount is hereinafter called the “Required Collateral Value”. If Depositor requires additional collateral to secure its deposits at the Bank, Depositor must notify the Bank one (1) business day prior, by no later than 3:00pm (deadline), in order to provide ample time for the Bank to acquire additional collateral. Bank will make best efforts to provide additional collateral if Depositor fails to meet this deadline.

3. **Substitutions and Withdrawals of Collateral.** If the aggregate market value or Collateral held by Custodian at any time exceeds the Required Collateral Value, Bank may withdraw any excess Collateral by providing Custodian with a withdrawal notice signed by an authorized representative of both Bank and Depositor. Depositor agrees to promptly sign the withdrawal notice if the market value of the remaining Collateral equals or exceeds the Required Collateral Value. Additionally, Bank may substitute Eligible Securities for any of the Collateral held by Custodian at any time by providing Custodian with a substitution notice signed by an authorized representative of Bank, provided that the market value of the Collateral following such substitution would equal or exceed the Required Collateral Value.

4. **Bank's Obligations.** Bank shall perform all of the duties and obligations required of a depository under applicable law with respect to collateralization of the funds of Depositor on deposit with Bank, including the duties and obligations required under the Governing Statutes. At the expiration of the term of this Agreement, Bank shall turn over to any successor depository designated by Depositor all funds held by Bank as depository. Bank will furnish to Depositor a monthly statement listing a description of the Collateral. The statement will specify the par value, market value, and maturity date of each component of the Collateral. Upon request, Bank shall provide to Depositor a copy of Bank's annual financial statement.

5. **Custodian's Obligations.** Custodian shall perform all of the duties and obligations required of a custodian under applicable law with respect to the custody and disposition of Eligible Securities, including the duties and obligations required under the Governing Statutes. On receipt of Eligible Securities pledged to Depositor, including Eligible Securities substituted for other Collateral, Custodian shall immediately identify such Eligible Securities on its books and records as being Collateral securing the deposited funds to Depositor, and shall promptly issue and deliver to Bank a receipt for such Collateral together with a duplicate receipt issued to Depositor. Upon receipt, Bank will promptly mail the receipt to Depositor.

6. **Default and Remedies.** If Bank defaults in performing its obligations under Paragraph 4 above, or if Bank is declared insolvent, or if a receiver is appointed for Bank, Depositor may instruct Custodian to sell the Collateral or any part thereof at public or private sale, after providing Bank at least three (3) business days prior written, notice and opportunity to cure the default, and, if Bank fails to cure the default within the required period of time, Custodian shall proceed to sell the specified Collateral in accordance with the Depositor's instructions. The proceeds of any sale shall be applied to satisfy any indebtedness owed by Bank to Depositor, and any excess proceeds shall be returned to Bank. Depositor will also have any other remedies available under applicable law.

7. **Termination of Agreement.** Any party of this Agreement may terminate this Agreement by giving thirty (30) days prior written notice of termination to other parties.

8. **Applicable Law; Other Agreements.** This Agreement is governed by the laws of the State of Texas. All deposit accounts of Depositor, and cash management services, if any, provided in connection with such accounts, will be subject to Bank's Business Account Terms and Conditions, BEB Agreement, ACH agreement, RDM Agreement, and Positive Pay Agreement, as applicable, in effect from time to time, and as modified in writing by agreement of the parties.

9. **Miscellaneous.** The headings in this agreement are for convenience of reference only and should not be used in interpreting this Agreement. If any provision of this agreement is illegal or unenforceable under applicable law, that provision should be deemed reformed so as to be enforceable to the extent permitted by applicable law, or if that is not possible, then this Agreement should be read as if that provision was never a part of it, and the remainder of the Agreement will be enforceable. THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT OF THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO ORAL AGREEMENTS OF THE PARTIES. Notices given under this Agreement must be addressed as set forth below the signature of each party, and will be effective upon actual receipt by the addressee or upon refusal of delivery during the normal business hours of the addressee.

Date of Agreement: _____, 2019.

DEPOSITOR: City of San Juan

By: _____

Name: _____

Title: _____

Address for notice: _____

BANK: Texas National Bank,

By: _____

Name: David Garza

Title: Chief Financial Officer

CUSTODIAN: _____

By: _____

Name: _____

Title: _____

Address for notice: _____

ADDENDUM "A"
(Authorized Officers of Depositor)

One signature of any of the following authorized officers of Depositor is required to authorize actions to be taken pursuant to the foregoing Depository Pledge Agreement:

- | | |
|--------------------|----------------------|
| 1. _____
(Name) | _____
(Signature) |
| 2. _____
(Name) | _____
(Signature) |
| 3. _____
(Name) | _____
(Signature) |
| 4. _____
(Name) | _____
(Signature) |
| 5. _____
(Name) | _____
(Signature) |
| 6. _____
(Name) | _____
(Signature) |

ADDENDUM "B"
(Authorized Officers of Bank)

One signature of any of the following authorized officers of Bank is required to authorize actions to be taken pursuant to the foregoing Depository Pledge Agreement:

1. David Garza _____
(Signature)

2. Eddie Leal _____
(Signature)

3. Joe Quiroga _____
(Signature)

4. Edna Cicero _____
(Signature)

Attachment B – Wire Transfer Agreement Sample



Texas National BeB Agreement

Texas National BeB Service Agreement made and entered into this ____ day of _____, 20____, ("Agreement"), by and between TEXAS NATIONAL BANK, a Texas banking corporation ("Bank"), located at P.O. Box 4650, Edinburg, Texas 78540 and ("customer"), WHEREAS, Bank desires to provide Customer on- line computer access to certain financial information maintained on Customer's accounts at Bank and to furnish Customer certain financial services with respect to those accounts; and WHEREAS, Customer desires and hereby requests that Bank furnish such on-line computer access, financial information and financial services, and Customer agrees to pay for such access and services pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. INFORMATION, SERVICES, AND SECURITY ACCESS

(a) Bank agrees: (i) to furnish Customer on-line computer access to financial information concerning Customer's accounts maintained on Bank's computer system; and (ii) to provide Customer the "Texas National BeB" financial services listed on Exhibit A , annexed hereto and made a part hereof for all purposes: collectively, hereinafter the SYSTEM.

(b) Customer agrees that the SYSTEM is contingent on Customer supplying Bank, in advance, all information and data required by Bank in order for Bank to establish a Customer master file for the SYSTEM. Such information and data for Customer's master file shall relate and apply to Customers accounts with Bank.

(c) Bank will provide user identification codes and passwords for each person customer specifies is authorized to access and use the SYSTEM ("Security Codes") on Customer's behalf. Customer is solely responsible for assigning the Security Codes and for safeguarding the disclosure of all Security Codes assigned to its owners, agents, and employees. Customer is recommended to change passwords at initiation of SYSTEM and a periodic basis thereafter.

2. OPERATION OF SYSTEM AND FEES FOR SERVICES

(a) Bank and Customer agree that the ability of the Bank to provide Customer with the SYSTEM is conditioned upon the continued operation and availability of equipment and services, including computers and software programming, provided, in part, to Bank by a third party. In the event that the relationship between Bank and the third party is suspended, interrupted or terminated or Bank determines, in its sole discretion, that it is unable for any reason to continue to provide Customer the SYSTEM. Bank shall have the right to immediately terminate and cancel this Agreement without notice to the Customer.

(b) Bank and Customer agree that during the term of this Agreement: (i) Bank shall furnish Customer reasonable access to the SYSTEM and provide Customer the services available on the SYSTEM during the hours and days of the week selected by Bank; (ii) that the SYSTEM is for Customer's sole internal use and benefit and is limited to Customer's authorized accounts; (iii) Customer shall be solely obligated and responsible for providing complete and accurate information to Bank with respect to its accounts and the SYSTEM; (iv) Bank may rely upon the completeness and accuracy of any information furnished by Customer; and (v) Bank shall not be liable for any inaccurate, incomplete, outdated, obsolete or erroneous information, data or instruction supplied to Bank by Customer, or for any act or failure to act on the part of Customer or any third party, including any act or failure to act by such parties which would constitute or be deemed to be negligence or gross negligence with respect to either the provision of access and/or services available through the SYSTEM or any other matters contemplated by this Agreement.

(c) Bank, in its sole discretion, shall have the right, from time to time, to make alterations, changes, modifications or adjustments to the SYSTEM, limit or restrict access and/or use of the SYSTEM, and/or amend this Agreement.

(d) Customer hereby acknowledges receipt of all price account terms, conditions, disclosures, price lists and

schedules setting forth as of the date of such documentation, the various fees and charges for the SYSTEM available to Customer. Any additional fees or charges for expanded services or new features shall be effective when the same are introduced and made available to customers generally.

(e) Bank and Customer agree that Bank shall have the right to periodically review the costs and expenses incurred in connection with the provision of access and services available on the SYSTEM, and following prior written notice to Customer, to effect fee and price changes, as the same are set forth in a revised schedule of fees and charges for access and services available through the SYSTEM.

(f) Any amendments to this Agreement, and any changes in the fees and expenses imposed on Customer for the SYSTEM, shall become effective on the date stated in Bank's notice to the Customer.

(g) Customer will cooperate fully with Bank in the resolution of any problems, disputes or difficulties, technical or otherwise, encountered by Bank in the performance of its duties pursuant to this Agreement.

3. TERMS OF AGREEMENT

This Agreement shall be effective from and after the date first above written on a month to month basis, and this Agreement shall remain in full force and effect until terminated as provided herein.

4. CUSTOMER INSTRUCTIONS

Bank shall be entitled to revise on any written notice, on-line instruction communicated to Bank following any access to the SYSTEM using Customer's Security Codes, or other communication received by Bank believed by it in good faith to be genuine and to have been signed, initiated or authorized by Customer.

5. EQUIPMENT

Bank and Customer agree that Customer shall obtain, at its sole cost and expense, all necessary equipment for the SYSTEM, including, among other things, personal computers and common carrier communication equipment devices or software. All Customer equipment and software must meet Bank specifications.

6. ELECTRONIC TRANSFER OF FUNDS

(a) In the event Customer desires and requests the use of the SYSTEM to accomplish electronic transfers of funds between Customer's accounts at Bank, or between Customer's accounts at Bank and an account or accounts at another financial institution, Bank, in effecting such action, shall be entitled to revise upon the authorizations and instructions of Customer. Customer shall specify the accounts to be affected by such transfers, as well as the amount and timing of all electronic transfer of funds (All transfers are subject to a cutoff time of 3:00 P.M. Central Standard Time).

(b) Customer agrees to comply with all requirements of Bank then in effect with respect to Customer initiated electronic transfer of funds requests. Customer understands and agrees that Bank will not accept an electronic transfer of funds request initiated by Customer on the SYSTEM unless Customer provides Bank all information required by Bank to process such electronic transfer of funds request.

(c) Prior to using electronic transfer of funds services on the SYSTEM for the first time, customer agrees to provide to Bank, in writing, a list of all officers or duly authorized agents or employees authorized to initiate electronic transfer of funds requests on behalf of Customer. Bank shall have the right to rely upon such written authorizations for all transfer authorizations and instructions it thereafter receives from Customer.

(d) Bank may, but it is not required to honor, an electronic transfer of funds request if there are not sufficient collected funds in the account at the time of the request.

(e) Customer expressly understands and agrees that all electronic transfer of funds requests processed by Bank after such requests have been initiated via any of Customer's then authorized Security Codes shall be conclusively presumed to be withdrawals or transfers authorized by the Customer.

(f) Bank and Customer agree that it shall be the responsibility of Customer that the origination of ACH transactions complies with the operating rules of the National Association of Automate Clearing Houses (NACHA) and the laws of the United States. This includes, but is not limited to sanctions enforced by the Office of Foreign Assets Control (OFAC). It shall further be the responsibility of Customer to obtain information regarding such NACHA Operating Rules and the OFAC enforced sanctions. (This information may be obtained directly from NACHA at (214) 953-4720 and the OFAC Compliance Hotline at (800) 540- OFAC.)

(g) This agreement is subject to article 4A of the Uniform Commercial Code-Fund Transfers as adopted in the state in which you have your account with the bank. If customer originates a fund transfer and customer identifies by name and number a beneficiary financial institution or a beneficiary, we and every receiving or beneficiary financial institution may rely on the identifying number to make payment. We may rely on the number even if it identifies a financial institution, person or account other than the one named. Customer agrees to be bound by automated clearing house association rules. These rules provide, among other things, that payments made to the customer are provisional until final settlement is made through Federal Reserve Bank or payment is otherwise made as provided in Article 4A-403(a) of the Uniform Commercial Code. If Bank does not receive such payment Bank is entitled to a refund from customer in the amount credited to customer's account and the party originating such payment will not be considered to have paid the amount so credited. If Bank receives credit to customer's account, wire of ACH, Bank is not required to give notice of the payment order or credit to customer.

(h) Bank and Customer agree that Customer will obtain written authorizations from consumer entity in accordance with ACH rules and U.S. Law and shall retain the original or microfilm for two (2) years after termination or revocation of such authorization.

(i) The authorization and written instructions of Customer described in this Section pertaining to the transfer of funds shall not be altered, modified, changed or amended, except by prior written notice to Bank, signed by Customer. Upon receipt of notice such written notice from Customer, Bank shall have seven (7) days from and after receipt of notice to effect such changes or modifications and during such period bank shall have the continuing right to rely upon all written authorizations or instructions previously delivered by Customer prior to the effective date of such changes or modifications.

7. STOP PAYMENT

(a) In the event Customer desires and requests the use of "stop payment" services on the SYSTEM for one or more items, Customer agrees to comply with all requirements of Bank then in effect with respect to Customer stop payment requests. Customer understands and agrees that Bank will not accept a stop payment request initiated by Customer on the SYSTEM unless Customer provides Bank with all information required by Bank to process such stop payment request.

(b) Prior to using stop payment services on the SYSTEM for the first time, Customer agrees to provide to Bank, in writing, a list of all officers or duly authorized agents or employees authorized to initiate stop payment requests on behalf of Customer. Bank shall have the right to rely upon such written authorizations for all stop payment authorizations and instructions it thereafter receives from Customer.

(c) The authorizations and written instructions of the Customer described in these Sections pertaining to stop payment requests shall not be altered, modified, changed or amended, except by prior written notice to Bank, signed by Customer. Upon receipt of such written notice from Customer, Bank shall have seven (7) days from and after receipt of notice to effect such changes or modifications and during such period Bank shall have the continuing right to rely upon all written authorizations or instructions previously delivered by Customer prior to the effective date of such changes or modifications.

(d) Customer agrees that Bank is not responsible for processing stop payment requests initiated by Customer through the SYSTEM until such requests have been on the SYSTEM for 24 hours.

(e) Stop Payments requests remain effective for six (6) months from the date the request is entered on the SYSTEM unless revoked or released by Customer prior to that time.

(f) Customer agrees to hold Bank harmless from all expenses, costs and attorney's fees incurred by Bank as a result of Bank refusing payment of an item pursuant to Customer's instruction to stop payment of the item.

(g) Customer further agrees not to hold Bank liable for payment contrary to the request, if payment occurs through accident, inadvertence, or otherwise than through lack of good faith or failure to exercise due care on Bank's part.

(h) Customer agrees that each time it uses the stop payment services available on the SYSTEM Customer is certifying to Bank that the actual item number and the item amount shown in the stop payment request are exactly as stated in such request, and that Customer has reviewed bank statements furnished to Customer since the issue date of the item, as well as current financial information available on the SYSTEM, and following such review Customer has verified the item on which a stop payment request is being made has not previously been paid by Bank.

8. PAYMENT OF FEES AND CHARGES

(a) Customer is responsible for all access charges and service fees incurred on the SYSTEM initiated using Customer's Security Codes. Customer agrees to pay to Bank, when due, all Customer fees and charges related to the SYSTEM as shown on "Exhibit A".

(b) Customer agrees to deposit and maintain immediately available collected funds in an account with Bank included in the SYSTEM sufficient to pay Bank's fees and charges for the SYSTEM for the prior month and in no event shall such amount be less than an amount equal to the fees and Charges for the access and service furnished in the preceding month. Bank at its option shall have the right to automatically charge Customer's account each month for the access and services related to the SYSTEM.

(c) Fees and charges not paid when due shall bear interest at the rate of 18% per annum from the due date until paid.

(d) In the event there are not sufficient available funds in any of Customer's accounts authorized for the SYSTEM from which Bank may satisfy Customer's payment obligations under this Agreement, Bank may debit any other account maintained by Customer with Bank or any affiliate of Bank or Bank may set off against any amount it owes to Customer, in order for Customer to satisfy its payment obligations under this Agreement.

(e) In the event that Customer fails to maintain on deposit immediately available funds sufficient to pay for access and services related to the SYSTEM, Bank shall have the right to terminate access, services and this Agreement without notice to Customer.

9. CUSTOMER'S USE OF SYSTEM

(a) Customer agrees to use the SYSTEM solely for its own internal use and benefit and not for resale, transfer or other disposition to, or use by, any other person or organization without the prior written consent of Bank.

(b) In the event that Customer resells, transfers, conveys or otherwise disposes or permits the use of the SYSTEM by or for the benefit of any other person or organization, Customer shall indemnify, defend and hold forever harmless Bank from and against any and all claims, actions, suits, proceedings, losses, liabilities, damages, expenses, attorney's fees and other obligations arising out of or in connection with, directly or indirectly, any act or omission of the transferee which would constitute a default or breach of this Agreement if performed or omitted by Customer.

(c) Bank and Customer agree that the obligations and duties of each party pursuant to this Section shall survive the termination of this Agreement.

10. WARRANTIES AND LIMITATIONS OF LIABILITY

(a) Bank shall be responsible only for performing the services expressly provided for in this Agreement, and Bank shall be liable only for its gross negligence, fraud or willful misconduct in providing those services. Bank and Customer agree that Customer's exclusive remedy and Bank's exclusive liability for any and all claims, whether for negligence, breach of contract, warranty or otherwise shall be an aggregate amount equal to, but not

exceeding, the last six (6) months' charges actually paid by Customer for the services used by Customer on the SYSTEM immediately preceding the month in which the loss, injury or damage is alleged to have occurred, provided, however that if this Agreement has not been in effect for six ____ months preceding such occurrence then the actual lesser number of months during which this Agreement has been in effect shall be used for such computation.

(b) While Bank believes that the SYSTEM and the information contained therein are accurate and correct, Bank does not warrant the accuracy or the correctness of the SYSTEM, any services or the information contained therein. There are no warranties, express or Implied, including, but not limited to, any warranties or merchantability or fitness for any particular purpose.

(c) In no event shall Bank be liable to customer for any indirect, special or consequential damages or lost profits arising out of or related to this Agreement, the performance or breach thereof, or the accuracy or correctness of the SYSTEM, any services or the information contained therein, even if Bank has been advised of the possibility thereof.

(d) In no event shall Bank be liable to Customer for any damages resulting from or related to (i) any failure or delay of Bank in providing access to the SYSTEM, services and/or information contained therein, including damages related to subsequent wrongful dishonor resulting from Bank's acts or omissions under this Agreement or (ii) in the accuracy or correctness of the SYSTEM, services and/or the information contained therein.

(e) The parties further agree that Bank shall not be liable for any loss or damage sustained by reason of delays, mistakes, omissions, interruptions, mutilations, errors or cessation of the services available on the SYSTEM, and such risk of loss or damage are expressly assumed by Customer.

11. INDEMNITY

Customer hereby agrees to indemnify and to keep and hold Bank harmless from any and all losses Bank may suffer in connection with instructions and transfers initiated by Customer via any of Customer's Security codes which instructions and transfers are processed by Bank, including any costs, expenses or attorney fees incurred in connection herewith.

12. TERMINATION

(a) This Agreement may be terminated without cause by either party upon thirty (30) days written notice to the other.

(b) This Agreement may be terminated without prior notice; (i) upon the happening of events described in Sections 2 and 8 hereof; (ii) in the event that Customer is or becomes bankrupt or unable to pay its debts as they become due; (iii) upon Bank's determination, in Bank's sole discretion, that Customer has abused its privileges under this Agreement.

(c) Obligations shall survive such effective date, including, without limitation, obligations in connection with any instructions transmitted and accepted by Bank (whether before or after such effective date) and any other obligation designated elsewhere in this Agreement to survive such effective date.

13. ARBITRATION

(a) Upon the request of any party hereto, whether made before or after the institution of any legal proceeding, any action, dispute, claim or controversy of any kind (e.g., whether in contract or in tort, statutory or common law, legal or equitable, or otherwise), now existing or hereafter arising between the parties (including their respective officers, directors, employees, agents, insurers, affiliates, any person in privity with them and any other representative), shall be resolved by binding arbitration in accordance with the terms of this Section. The foregoing matters shall be collectively referred to as "Disputes". Any party hereto may, by summary proceedings, bring an action in court to compel arbitration of any Disputes.

(b) Disputes shall be resolved by binding arbitration administered by the American Arbitration Association (the "AAA") in accordance with the terms of this Section, the Commercial Arbitration Rules of the AAA, and, to the

maximum extent applicable, the Federal Arbitration Act (Title 9 of the United States Code) and/or the Texas general Arbitration Act (Article 224, et seq, Tex. Rev. Civ. Stat.). In the event of any inconsistency between this Section and such statute and rules, this Section shall control. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction; provided, however, that nothing contained herein shall be deemed to be a waiver by Bank of the protections afforded to it under 12 U.S.C. § 91 or Texas Banking Code art. 342-609.

(c) All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding.

(d) The arbitrators shall resolve all Disputes in accordance with applicable substantive law. Any arbitrator shall be knowledgeable in the subject matter of the Dispute. The arbitrators may grant any remedy or relief that the arbitrators deem just and equitable and within the scope of this Section. The arbitrators may also grant such ancillary relief as is necessary to make effective the award.

(e) Arbitrators shall have the discretion to order a pre-hearing exchange of information by the parties including without limitation, production of requested documents, exchange of summaries of testimony of proposed witnesses, and examination by deposition of parties. All time limitations and all issues regarding conformation with discovery requests shall be decided by the arbitrator(s).

(f) Each party agrees to keep all Disputes and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the parties or by applicable law or regulation. No party or any arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of all parties.

14. WAIVER, ASSIGNMENT AND MODIFICATION

(a) The parties agree that any voluntary waiver of any rights, remedies or duties to perform or forebear from an act hereunder given by either party shall not be, or be deemed to be, or operate as a waiver of any other rights, remedies or subsequent acts or duties to perform pursuant to this Agreement, provided however, that any voluntary waiver of a certain right given at a certain time as the result of a certain default pursuant to this Agreement shall be and be deemed to be, an absolute waiver of that right.

(b) This Agreement constitutes the agreement of the parties and there are no prior agreements, written or oral, concerning access and/or services available on the SYSTEM which are not included herein. Customer acknowledges, however, that there are other independent agreements between Customer and Bank concerning each party's rights and obligations with respect to each of the accounts related to this Agreement, including the terms and conditions of Bank's "Depository Agreement and Other Disclosures" document (i.e.; Wire Transfer cutoff time), and such agreements are not affected by this Agreement unless the terms of such agreements directly conflict with the terms of this Agreement, in which event the applicable term of this Agreement will control.

(c) This Agreement shall not be altered, changed, modified or amended and no waiver of any of the provisions hereof shall be valid and binding, except by a written reference hereto, signed by a duly authorized representative of the party to be bound by such modification or waiver.

(d) This Agreement shall not be assigned by either party without the prior written consent of the other party.

15. NOTICES

(a) Any and all notices and demands by any party hereto to the other party, required or desired to be given hereunder, shall be in writing and shall be validly given or made if personally served or if deposited in the United States mail, certified or registered, return receipt requested, postage fully prepaid.

(b) Service of written notice shall be conclusively deemed made three (3) days after the deposit thereof in the United States mail addressed to the party to whom such notice or demand is to be given hereunder, or upon receipt, whichever is sooner.

(c) Any notice or demand to Bank shall be addressed to Bank in care of the Texas National BeB Project Coordinator at P.O. Box 4650, Edinburg, Texas 78540 and to Customer at its address as set forth on the face of this Agreement.

16. DELAYS

Bank is excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission or communication facilities, equipment failure, war, emergency conditions, acts of God, acts of war, or other circumstances beyond Bank's control.

17. ATTORNEY'S FEES

Should either party hereto initiate a proceeding to enforce its rights hereunder or in connection herewith, the prevailing party shall be entitled to its costs and expenses, including reasonable attorney's fees.

18. CONSTRUCTION

(a) The laws of the State of Texas shall govern the validity, construction, performance and effect of this Agreement.

(b) Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under the laws of the State of Texas, provided, however, in the event that any provision hereof shall be held by a court of competent jurisdiction to be prohibited or invalid under such applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidation the remainder of such provision of the remaining provisions of the Agreement.

(c) The obligations of the parties are performable In Hidalgo County, Texas.

19. BINDING EFFECTS

This Agreement shall insure to the Benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns. IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement the day and year as written.

TEXAS NATIONAL BANK

Signature

Printed Name

Title

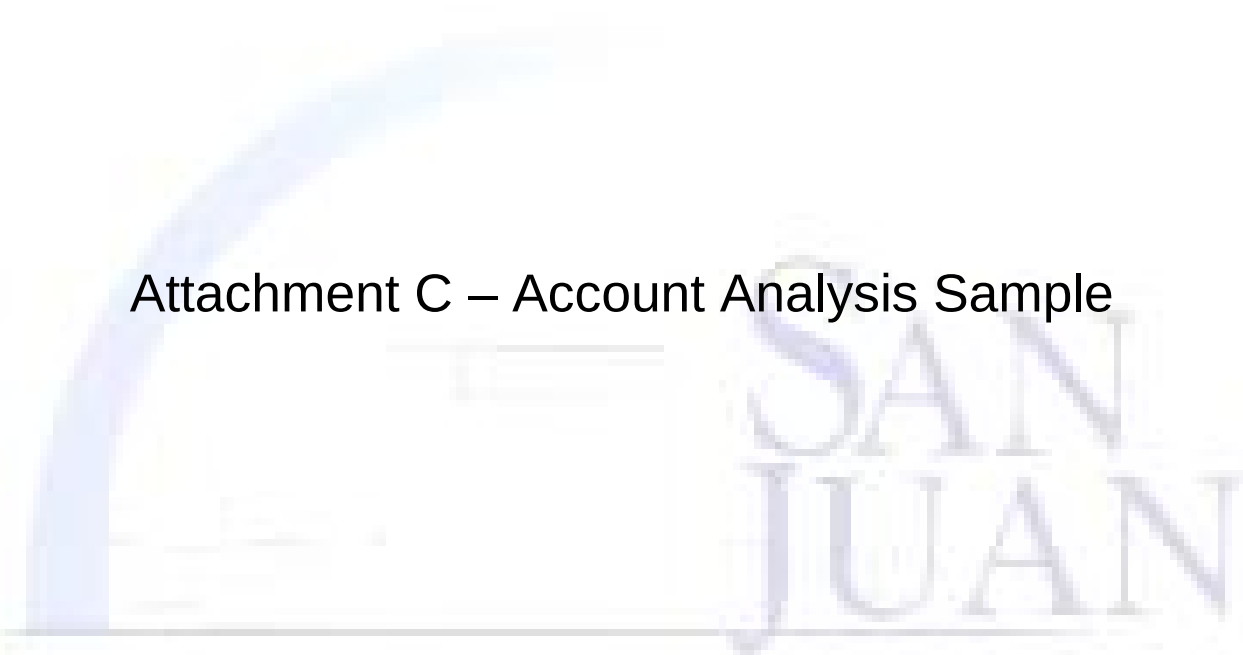
CUSTOMER

Business Name

Authorized Signature

Printed Name

Title



Attachment C – Account Analysis Sample

TEXAS NATIONAL BANK
P O BOX 4650
EDINBURG, TX 78540

"SAMPLE"

PAGE 1

0006 AAST02P2 09 008 00 000 03
001 000000000171890150002871 DD

(956) 217-7101 0000

TEXAS NATIONAL BANK

FEBRUARY 05, 2019

City of San Juan
709 S. Nebraska Ave.
San Juan, TX 78589-2649

ACCT TYPE: 108

PRIM ACCT: 150002871

ACCOUNT ANALYSIS
COMBINED RELATIONSHIPS STATEMENT
CYCLE ENDING JANUARY 31, 2019 FOR 31 DAYS

=====BALANCE ANALYSIS=====		
AVERAGE DAILY LEDGER BALANCE		18,691,608.39
ADJUSTED AVERAGE COLLECTED BALANCE		18,691,608.39
LESS: LEGAL RESERVE	(10.0000%)	1,869,160.83
AVERAGE AVAILABLE BALANCE		16,822,447.56
BALANCE EARNINGS ALLOWANCE	(.1000%)	1,428.76
GROSS ACCOUNT EARNINGS		1,428.76
=====ANALYSIS SUMMARY=====		
GROSS ACCOUNT EARNINGS		1,428.76
LESS: TOTAL SERVICES PROVIDED		1,458.06
ACCOUNT PROFIT/LOSS		29.30-
AMOUNT CHARGED		29.30

THE NET LOSS COULD HAVE BEEN AVOIDED IF YOUR ACCOUNT AVERAGE LEDGER BALANCE
HAD BEEN INCREASED BY \$383,315.03



Attachment D – Depository Contract

BANK DEPOSITORY AGREEMENT

This Bank Depository Agreement (the "Agreement") is made and entered into this 1st day of October, 2019 by and between City of San Juan (the "Depository ") and Texas National Bank (the "Bank") a national chartered Bank.

Section I Designation as Depository

The Depository, through action of its Governing Body, hereby designates the Bank as its depository for banking services for a two year period commencing October 01, 2019 through September 30, 2020, with 1 automatic two year extension unless indicated by the Depository Counsel.

Section II Designation of Custodian

The Depository and Bank hereby designate the Federal Reserve Bank (the "Custodian") or any other mutually agreeable Bank to hold in trust, according to the terms and conditions of the Depository Request for Proposal, RFP No. 19-09-09-17 dated September 09, 2019 (the "RFP") all securities pledged as depository collateral in accordance with the Depository's Investment Policy.

Any and all fees from the Custodian associated with the safekeeping of securities pledged to the benefit of the Depository shall be borne by the Bank.

Section III Collateral

Depository time and demand deposits, inclusive of interest, in excess of the Federal Deposit Insurance Corporation insurance shall be secured at all times by collateral, acceptable to the Depository and in accordance with the Public Funds Collateral Act (Texas Government Code 2257), pledged by the Bank and held in trust by the Custodian in an amount equal to at least 110% of the total of those funds. Custodian will provide a monthly report of the collateral directly to the Depository.

Such pledged securities shall be subject only to the joint written instructions of both (a) authorized representatives of the Depository and (b) specifically authorized representatives of the Bank. The Bank shall have the right, (with the prior written consent of the Depository and if substituting securities are received before previously pledged securities are removed from safekeeping), to substitute or replace, any or all of the pledged securities with collateral acceptable to the Depository.

Section IV Financial Position

The Bank will provide an annual statement audited by its independent auditors.

Section V Authorized Depository Representative

For the term of this contract, the Depository and Bank designate the individuals as listed in Exhibit A as authorized to represent and act for the Depository in any and all matters including collateral assignment and substitution, execution of agreements and transfer of funds. Any change in these representatives will be made in writing.

Section VI Scope of Services

The Bank's response to the Depository 's RFP, dated September 9, 2019, (the "Response") is incorporated into this Agreement for all purposes, including service charges, time deposit, demand deposit and loan rates, and attached as Exhibit B. If any provisions of the Response and this Agreement are in conflict, this Agreement will control.

The Bank shall faithfully perform all of its duties and obligations required by the laws of the State of Texas for public funds depositories and shall upon presentation pay all checks drawn on it against collected funds on demand deposits, and shall, at the expiration of the Agreement, turn over to its successor all funds, Depository -owned securities, property and things of value held as depository.

The Depository shall have the power to determine and designate the character and amount of the funds to be deposited in the Bank. The Depository may arrange for time deposits and Bank may accept such deposits subject to the terms of the Bank's Response.

This Agreement, along with all Exhibits and other incorporated documents shall constitute the entire Agreement between the parties.

Section VII Bank Compensation

Bank will be compensated for any and all services rendered to Depository under this Agreement. Bank agrees to offset monthly service fees against its customary earnings credit for balances in Depository's deposit accounts. Net insufficiencies in earnings credits will be charged on a monthly basis.

FEE BASIS LANGUAGE

Bank will be compensated for any and all services rendered to the Depository under this Agreement on a cost per item or monthly charge basis as set forth in the service charges of the Bank's Response.

Section VIII Default

The Bank shall be in default if it fails to pay all or part of a demand deposit, a matured time deposit, or a matured certificate of deposit, including accrued but unpaid interest, at a specified maturity date. The Bank shall also be in default if ruled "bankrupt", "insolvent" or "failed" by a federal or state banking regulator, or if a receiver is appointed for the Bank.

In the event of a default, failure or insolvency of the Bank, the Depository shall be deemed to have vested full title to all securities pledged under this Agreement. The Depository is empowered to take possession of and transfer and or sell any and all securities. If the security is liquidated, any proceeds over the defaulted amount, plus expenses related to liquidation, shall be returned to the Bank. This power is in addition to other remedies which the Depository may have under this Agreement and without prejudice to its rights to maintain any suit in any court for redress of injuries sustained by the Depository under this Agreement.

Section IX Non-Assignability

This Agreement is not assignable in whole or in part but is binding on the parties, their successors and assigns.

Section X Law Governing

All applicable provisions and requirements of the laws of the State of Texas governing depositories for the Depository shall be a part of this Agreement.

Section XI Bank Authorization

The Bank represents and warrants that this Agreement is made pursuant to and is duly authorized by the Board of Directors of the Bank and recorded in the official records of the Bank.

CITY OF SAN JUAN

Name and Title

ATTEST:

Signature

CUSTODIAN BANK:

Name and Title

ATTEST:

Signature

BANK

Texas National Bank

Joe Quiroga, President

Name and Title

ATTEST:

Signature

EXHIBIT A

AUTHORIZED REPRESENTATIVES

The following individuals are authorized representatives of the Depository empowered to direct the Bank and the Custodian for the Bank, in regard to collateral pledges, releases and substitutions in the joint safekeeping account as well as authorized to represent and act for the Depository in any and all matters including execution of agreements and transfer of funds.

Representative's Signature	Name and Title

Bank Representatives Name and Title

Joe Quiroga, President

David Garza, Chief Financial Officer

Eduardo Leal, Chief Operating Officer

Edna Cicero, AVP Senior Accountant

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 8, 2019

Consider Second and Final Reading of an Ordinance Amending Chapter 4 – Building Standard Regulations Section 7.00: Permit Fees of Appendix A, Unified Development Code, of the Code of Ordinances of the City of San Juan, Texas, to Modify Certain Fees Relating the Building Standards Regulations of the City of San Juan.

STAFF COMMENTS AND RECOMMENDATIONS:

The proposed ordinance is to amend Chapter 4 - Building Standard Regulations for commercial and residential permit fees.

The proposed changes are the following:

§ Building permit for commercial will be based on the current International Code Council Building Schedules of valuation amounts per square foot of improvements adopted every year.

§ Building permit for residential dwelling will be determined by assessing a fee of 0.30 per square foot of the total buildable area of the residential dwelling.

§ Moving and demolition fee increase from \$100.00 to \$200.00.

§ Plumbing permits increase from \$20.00 to \$35.00, re-inspection increase from \$30.00 to \$40.00, water piping increase from \$10.00 to \$25.00, sewer tap increase from \$185.00 to \$300.00, septic tank increase from \$25.00 to \$200.00, plumbing fixtures increase from \$5.00 to \$6.00 and gas permit and inspections increase from \$10.00 to \$25.00.

§ Electrical permits increase from \$15.00 to \$35.00, re-inspection from \$25.00 to \$40.00, working clearance from \$25.00 to \$150.00 for residential and \$50.00 to commercial and temporary pole from \$20.00 to \$40.00 and new service fee.

§ Mechanical permits increase from \$20.00 to \$35.00 plus tonnage and all boilers based on BTU accordingly.

Please refer to the Building Standard Regulations ordinance for more information.

RECOMMENDATION:

Adopt the ordinance in second reading establishing new fees for commercial and residential building permits.

PREPARED BY:

Roberto Escobar,
Planning Director

APPROVED BY:

Benjamin Arjona, City
Manager

ORDINANCE NO. 2019-XX

AN ORDINANCE AMENDING CHAPTER 4 – BUILDING STANDARDS REGULATIONS SECTION 7.00: PERMIT FEES OF APPENDIX A, UNIFIED DEVELOPMENT CODE, OF THE CODE OF ORDINANCES OF THE CITY OF SAN JUAN, TEXAS, TO MODIFY CERTAIN FEES RELATING THE “BUILDING STANDARDS REGULATIONS” OF THE CITY OF SAN JUAN, PROVIDING FOR PUBLICATION AND AN EFFECTIVE DATE WHICH SAID ORDINANCE AND REGULATION SHALL READ AS FOLLOWS:

SECTION 1: WHEREAS, the Building Inspections Department incurs additional expenses inspection premises; and

WHEREAS, The City Commission deems it in the best interest of the City to implement new fees and revise existing permit fees;

NOW, THEREFORE, BE IT ORDAINED BY the City Commission of the City of San Juan that Ordinance No. 03-010 and Chapter 4 of the San Juan Development Code is hereby amended to include:

SECTION 7.00: Permit Fees

(A) Building Fees:

Commercial Building Fees:

Building permits for Commercial will be based on the current International Code Council building schedules of valuation amounts per square foot of improvement adopted every year.

Total Valuation

\$1,000 and less	\$60.00 base rate, unless inspection required, in which case a \$40.00 fee for each inspection will be required.
\$1,000 to \$50,000	\$150.00 for the first \$1,000.00 plus \$5.00 for each additional thousand or fraction thereof, to and including \$50,000.00. Plus \$40.00 Inspection.
\$50,001 to \$100,000	\$400.00 for the first \$50,000.00 plus plus \$5.00 for each additional thousand or fraction thereof, to and including \$100,000.00. Plus \$40.00 Inspection.
\$100,001 to \$500,000	\$1000.00 for the first \$100,000.00 plus \$5.00 for each additional thousand or fraction thereof, to and including \$500,000.00. Plus \$40.00 Inspection.
\$500,001 and Up	\$2000.00 for the first \$500,000.00 plus \$5.00 for each additional thousand or fraction thereof. Plus \$40.00 Inspection.

Plan Review Checking Fees

The fee shall be on-half of the building permit fee and shall be in addition to the building permit fee. This fee shall only apply to commercial buildings.

Residential Building Fees:

The fees for building permits for residential dwellings will be determined by assessing a fee of 0.30 per Square foot of the total buildable area of the residential dwelling.

Square Foot:	Multiply by:	Fees:
500	\$0.30	\$150
1000	\$0.30	\$300
1500	\$0.30	\$450
2000	\$0.30	\$600
2500	\$0.30	\$750
3000	\$0.30	\$900
3500	\$0.30	\$1050
4000	\$0.30	\$1200
4500	\$0.30	\$1350
5000	\$0.30	\$1500
5500	\$0.30	\$1650
6000	\$0.30	\$1800

(B) Moving Fees:

For the moving of any building of structure \$100 \$200

(C) Demolition Fees:

For the demolition of any building or structure \$100 \$200

(D) Plumbing Fees:

Issuance of Permit	\$20	\$35.00
Re-Inspection		\$40.00
Installation, Alteration or Repair of Water Piping		\$25.00
Sewer Tap	\$185	\$300.00
Septic Tank	\$25	\$200.00
Grease Trap		\$25.00
Sand Trap		\$25.00
Lint Trap		\$25.00
Kitchen Sink	\$5.00	\$6.00
Garbage Disposal	\$5.00	\$6.00
Dishwasher	\$5.00	\$6.00
Toilet	\$5.00	\$6.00
Lavatory	\$5.00	\$6.00
Shower	\$5.00	\$6.00
Bathtub	\$5.00	\$6.00

Tub/Shower	\$5.00	\$6.00
Laundry Sink	\$5.00	\$6.00
Flood Drain	\$5.00	\$6.00
Washing Machine Drain	\$5.00	\$6.00
Urinal	\$5.00	\$6.00
Fountain	\$5.00	\$6.00
Water Heater	\$5.00	\$6.00
A/C Drain	\$5.00	\$6.00
Vacuum Breakers or Backflow Protection Devices	\$5.00	\$6.00
Gas Piping	\$10.00	\$25.00
Gas Test Inspection	\$10.00	\$25.00

(E) Electrical Fees:

Issuance of Permit	\$20.00	\$35.00
Re-Inspection		\$40.00
Working Clearance	Residential: \$150/Commercial	\$40 \$50
Temporary Pole		\$40.00

New Service

0-200 Amps or Less	\$40-\$70	\$100.00
201-400 Amps	\$80	\$150.00
Greater than 400 Amps	\$100	\$200.00
Change of or Increase Service		\$40.00
Exterior Vents	\$2.50	\$3.00
Signs		\$3.00
Range		\$3.00
Dryer		\$3.00
Water Heater		\$3.00
Dishwasher		\$3.00
Garbage Disposal		\$3.00
A/C Window Unit		\$3.00

(F) Mechanical Fees:

Issuance of Permit:	\$20.00	\$35.00
Re-Inspection		\$40.00
All Heating, Ventilation, Duct-Work, Air-Conditioning and Refrigeration Systems:		
1-2 Tons	\$35.00 for the first ton plus \$35.00 for the additional ton. A fraction of a ton is \$20.00	
2.1-4 Tons	\$70.00 for the first 2 tons plus \$35.00 for the additional ton. A fraction of a ton is \$20.00.	
4.1-10 Tons	\$105.00 for the first 4 tons plus \$35.00 for the additional ton. A fraction of a ton is \$20.00.	

More than 10 Tons

\$140.00 for the first ten tons
plus \$35.00 for the additional
ton. A fraction of a ton is
\$20.00.

All Boilers (based on BTU input)

33,000 BTU (1BHP) to 165,000 BTU (5BHP)	\$10.00 \$20.00
165,001 BTU (5BHP) to 330,000 BTU (10BHP)	\$15.00 \$30.00
330,001 BTU (10BHP) to 1,165,000 BTU (52BHP)	\$20.00 \$40.00
1,165,001 BTU (52 BHP) to 3,330,000 BTU (98BHP)	\$30.00 \$50.00
More Than 3,330,000 BTU	\$40.00 \$60.00

SECTION 2: BE IT FURHTER ORDAIND BY the City of San Juan that if any section, paragraph, or clause of this Ordinance is declared invalid or unconstitutional for any reason, such declaration shall not be held to invalidate or impair the validity, force or effect of any other section, part of any section, paragraph or clause of this Ordinance.

SECTION 3: BE IT FURTHER ORDAINED that within said codes, when reference is made to the duties of a certain official named therein, that designated official to the City of San Juan, Hidalgo County, Texas who has duties corresponding to those of the named official in said code shall be deemed to be the responsible official insofar as enforcing the provisions of said code are concerned.

SECTION 4: BE IT FURTHER ORDAINED that this Ordinance shall take effect and be in force from and after its passage, the public welfare requiring it.

PASSED, APPROVED, and ADOPTED for First Reading on this the 24th day of September, 2019.

PASSED, APPROVED and ADOPTED for Second and Final Reading on this the 8th day of October, 2019.

Mario Garza, Mayor

ATTEST:

APPROVED BY:
Palacios, Garza & Thompson, P.C.

Diana Cavazos, City Secretary

City Attorney

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 8, 2019

Consider Second and Final Reading of an Ordinance for a Conditional Use Permit to Operate a Drive-in Business in a Neighborhood Commercial District (C-1) at the proposed “Xquinkles San Juan” located at 101 S. Nebraska Avenue, Suite #5, legally described as Lots 1-12, Block 3, San Juan Original Townsite Subdivision, as Requested by Alfonso Cantu.

STAFF COMMENTS AND RECOMMENDATIONS:

At the City Commission Meeting on September 24, 2019 the City Commission approved the First Reading of the Ordinance as presented by staff.

Previously, staff provided the following background:

Mr. Cantu is applying for a Conditional Use Permit to operate a drive-in business at the proposed “Xquinkles San Juan”, a snack shop. The proposed business is located next to Rancho Grande Restaurant and they will have a drive-thru window along the South side of the building. The proposed business has an entrance/exit along 1st and 2nd Streets.

According to Chapter 2 – Zoning Regulations, Section 4.01, all drive-in business establishments serving nearby residences needs to apply for a conditional use permit.

The proposed days and hours of operation are Monday to Sunday from 11:00 a.m. to 9:00 p.m.

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to thirty-two (32) property owners within a two hundred (200) foot radius and received no comments in favor or against this request.

RECOMMENDATION:

During their regular meeting on September 19, 2019 the Planning and Zoning Commission unanimously recommended approval of the Conditional Use Permit with 7-0 vote with the condition to put some type of barrier to prevent the alley from being used as an entrance and/or exit for the drive-in business.

PREPARED BY:

APPROVED BY:

Roberto Escobar,
Planning Director

Benjamin Arjona, City
Manager



MEETING DATES:
PLANNING AND ZONING COMMISSION – 09/19/2019
CITY COMMISSION – 10/08/2019
DATE PREPARED – 09/30/2019

PAGE 1

STAFF REPORT
GENERAL INFORMATION

APPLICATION:	Conditional Use Permit to operate a drive-in business at “Xquinkles San Juan”.
APPLICANT:	Alfonso Cantu
SURVEYOR/ENGINEER:	N/A
LEGAL:	Lots 1-12, Block 3, San Juan Original Townsite Subdivision
LOCATION:	101 S. Nebraska Avenue, Suite #5
EXISTING ZONING:	Neighborhood Commercial District (C-1)
EXISTING LAND USE/ ADJACENT ZONING:	<u>North</u> – Commercial; Expressway Corridor District (EC) <u>South</u> – Commercial; Neighborhood Commercial District (C-1) <u>West</u> – Commercial and Residential; Neighborhood Commercial District (C-1) <u>East</u> – Residential; Multi-Family Residence District (R-MF)
ACCESS AND CIRCULATION:	This property has access onto 1 st and 2 nd Streets.
PUBLIC SERVICES:	Water and sewer services will be provided by the City of San Juan.
RECOMMENDATION:	Staff recommends approval subject to comply with the list of requirements attached in the packet.

EVALUATION AND CONDITIONS FOR APPROVAL

Mr. Cantu is applying for a Conditional Use Permit to operate a drive-in business at the proposed "Xquinkles San Juan", a snack shop. The proposed business is located next to Rancho Grande Restaurant and they will have a drive-thru window along the South side of the building. The proposed business has an entrance/exit along 1st and 2nd Streets.

According to Chapter 2 – Zoning Regulations, Section 4.01, all drive-in business establishments serving nearby residences needs to apply for a conditional use permit.

The proposed days and hours of operation are Monday to Sunday from 11:00 a.m. to 9:00 p.m.

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to thirty-two (32) property owners within a two hundred (200) foot radius and received no comments in favor or against this request.

The following are the list of requirements:

1. The business must provide parking in accordance with the City off-street parking regulations and make provisions to prevent use of adjacent streets for parking, especially those in adjacent residential areas, by providing additional on-site parking.
2. The business must comply with the city's noise ordinance.
3. The business must comply with the City's *Security Cameras Ordinance*.
4. Owner agrees to pay an annual fee to the City of San Juan to maintain the health and occupational license permits thru the City.
5. Do not use the alley as entrance/exit.

ATTACHMENTS:

Location Map
Aerial Photo
Zoning Map
Section of Ordinance
List of neighboring property owners receiving notice
Site Plan
Pictures
Ordinance

FINAL RESOLUTION OF REQUEST & COMMENTS:

P&Z – 09/19/2019 Commissioner Alaniz made a motion to approve the conditional use permit with the condition to put some type of barrier be used in the alley to prevent the alley from being used as an entrance and/or exit for the drive-in business. Commissioner Guajardo seconded the motion. The motion passed unanimously with a 7-0 vote.

Mr. Escobar said that the conditional use permit is for a drive-in business, a snack shop, known as Xquinkles San Juan. The property is located at S. Nebraska and E. 1st Street; zoning is Neighborhood Commercial District. The advertisement was in the newspaper and letters were mailed out to the surrounding property owners within the 200 foot radius. Customers will not be allowed to use the alley.

Chairwoman Castillo opened the public hearing at 6:06 p.m.

Chairwoman Castillo asked if customers are going to use the alley to access the plaza. Mr. Escobar said the alleys are for the use of the City Departments only.

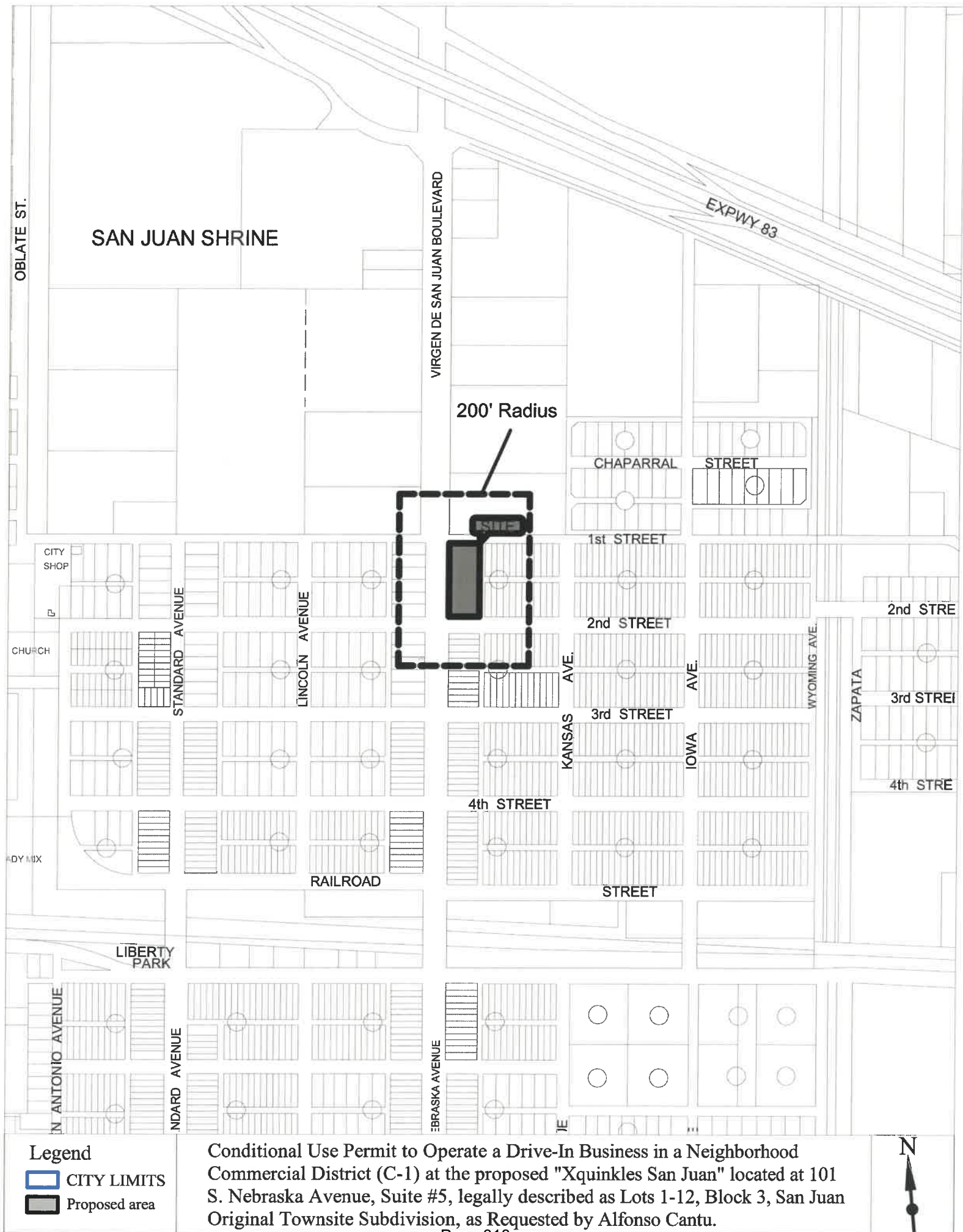
Mr. Alfonso Cantu, applicant, said that he is ready to open the snack shop that has a drive-thru window and would like to use it. He also said that the business will have a dine-in area.

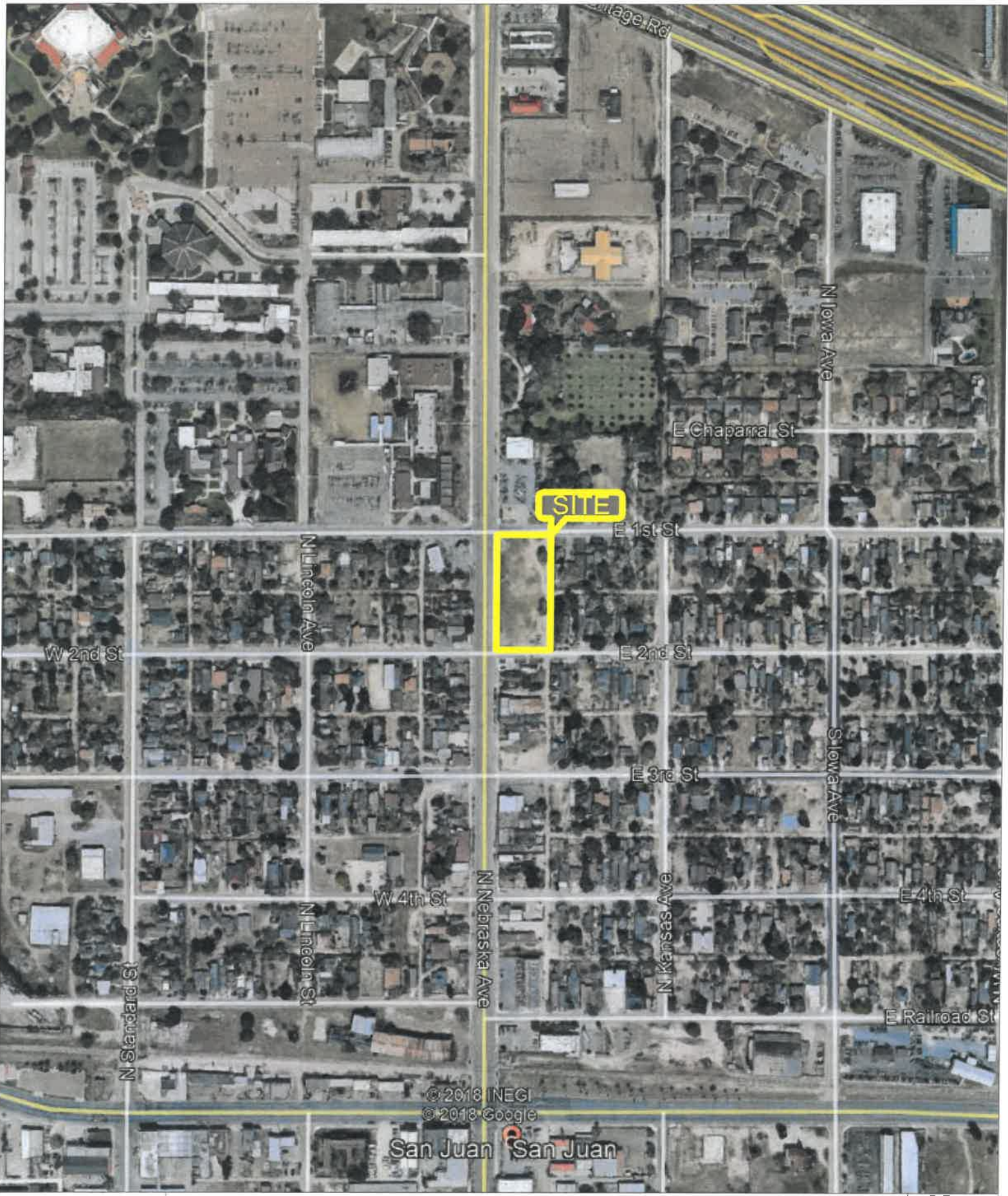
Commissioner Yzaguirre recommended re-directing the traffic or putting some bars in the back so customers will not use the alley.

Chairwoman Castillo closed the public hearing at 6:10 p.m.

Commissioner Alaniz reminded the board that they denied the drive-thru window to the convenience store located caddy corner of the proposed business due to congestion of the IDEA School traffic and use of the alley. He said that that corner has a lot of traffic and parking issues with La Cocinita Restaurant. Commissioner Guajardo said that his main concern is the congestion of traffic. Commissioner Perez mentioned other business where they have traffic problems.

Chairwoman Castillo asked about the parking area. Mr. Escobar said that it is common parking, all tenants share the same parking. Commissioner Perez said that these types of businesses are in and out and do not stay.



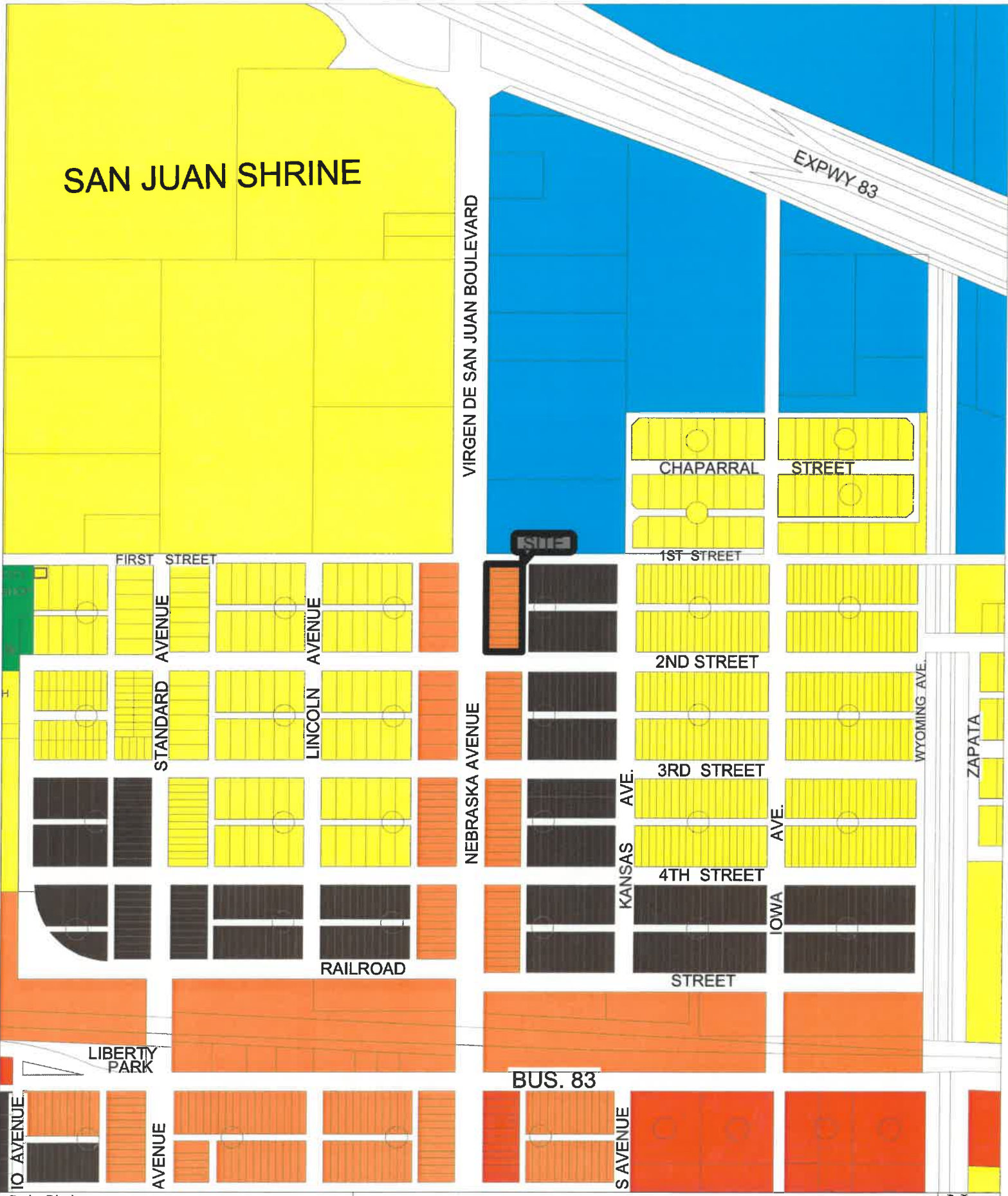


Legend

-  CITY LIMITS
-  Proposed area

Conditional Use Permit to Operate a Drive-In Business in a Neighborhood Commercial District (C-1) at the proposed "Xquinkles San Juan" located at 101 S. Nebraska Avenue, Suite #5, legally described as Lots 1-12, Block 3, San Juan Original Townsite Subdivision, as Requested by Alfonso Cantu.





SAN JUAN SHRINE

EXPWY 83

VIRGEN DE SAN JUAN BOULEVARD

CHAPARRAL STREET

FIRST STREET

STANDARD AVENUE

LINCOLN AVENUE

1ST STREET

2ND STREET

3RD STREET

4TH STREET

NEBRASKA AVENUE

KANSAS AVE.

IOWA AVE.

WYOMING AVE.

ZAPATA

RAILROAD

STREET

LIBERTY PARK

BUS. 83

AVENUE

S AVENUE

Zoning Districts

- Single Family Residential (R-S)
- Manufactured Home (R-MH)
- Multi-Family Residential (R-MF)
- Neighborhood Commercial (C-1)
- General Business (C-2)
- Heavy Commercial (C-3)
- Light Industrial (I-1)
- Heavy Industrial (I-2)
- Open Space (O)
- Exp. Corridor (EC)

Conditional Use Permit to Operate a Drive-In Business in a Neighborhood Commercial District (C-1) at the proposed "Xquinkles San Juan" located at 101 S. Nebraska Avenue, Suite #5, legally described as Lots 1-12, Block 3, San Juan Original Townsite Subdivision, as Requested by Alfonso Cantu.



SECTION 4.00: (C-1) NEIGHBORHOOD COMMERCIAL DISTRICT:

- (a) Generally recognized retail businesses which supply commodities on the premises primarily for persons residing in adjacent residential areas, such as groceries, meats, dairy products, baked goods, clothing and notions, or hardware and similar uses;
- (b) Personal services establishments which perform services on the premises such as repair shops (watches, radios, T.V., shoes, etc.), tailor shops, beauty parlors or barbershops, photographic studios and self-service laundries; and similar uses but not including automotive or other repair services and armature repair services;
- (c) Dry-cleaning establishments or pickup stations dealing directly with the consumers. Central dry-cleaning plants servicing more than one retail outlet are not permitted;
- (d) Business establishments which perform services on the premises such as banks, loan companies, insurance and real estate offices;
- (e) Personal services including the following: Outpatient medical clinics, offices of doctors, dentists, osteopaths and similar or allied professions;
- (f) On-premises signs, including those that are animated or illuminated;
- (g) Commercial parking lots; or
- (h) Other uses similar to the above.

SECTION 4.01: CONDITIONAL USES (REQUIRE "CONDITIONAL" USE PERMITS):

- (a) All R-MF uses including conditional uses, except manufactured homes;
- (b) Gasoline service stations or retail outlets where gasoline products are sold;
- (c) Drive-in business establishments serving nearby residences which are so developed that its retail or service character is dependent on providing a driveway approach or parking spaces for motor vehicles, rather than within a building or structure, including drive-in restaurants;
- (d) Restaurants or bars in accordance with the adopted policies of the City, provided the site is not larger than four acres and that access be provided from a collector or larger street;
- (e) Planned neighborhood convenience centers, including any or all of the above permitted or conditional uses, provided the site is not larger than four (4.0) acres and that access to such center be from a designated collector or larger street;
- (f) Accessory structures and uses customarily incidental to the above permitted uses;
- (g) Portable buildings that meet applicable conditions (See [Art. VIII Section 8.00\(c\)](#))[.]

SECTION 4.02: REQUIRED CONDITIONS:

- (a) All business establishments shall be retail service establishments dealing directly with consumers. All goods produced on the premises shall be sold at retail prices on premises where produced;
- (b) All businesses, servicing or processing shall be conducted within a completely enclosed building (except for off-street parking or loading) excluding drive-in businesses or gasoline service stations or retail outlets where gasoline products are sold;

- (c) Gasoline service stations or retail outlets where gasoline products are sold at retail prices, are limited in their activity to the sale of gasoline, oil and minor accessories only, and incidental service. Repair work, steam cleaning or undercoating, vehicle body repair, painting, tire recapping, engine rebuilding, auto dismantling, upholstery, auto glasswork and such other activities whose external effects could adversely extend beyond the property line are not permitted;
- (d) The curb cut, or ingress and egress to gasoline service stations, retail outlets for gasoline products and/or drive-in businesses shall not be permitted at locations where it will tend to create traffic hazards in the streets immediately adjacent thereto. Entrances shall be no less than thirty (30) feet from any street intersection (measured from right-of-way);
- (e) A front setback of sixty (60) feet from the right-of-way of any existing or proposed street shall be maintained by gas service stations or retail outlets where gasoline products are sold unless otherwise approved by the Planning and Zoning Commission. Gas pumps or driveway covers may be placed within the setbacks.[]
- (f) All lighting shall be shielded from adjacent residential districts;
- (g) A six-foot-high, completely obscuring wall shall be provided by all gasoline service stations, retail outlets where gasoline products are sold, or drive-in businesses, when abutting or adjacent to districts zoned for any residential use;
- (h) The minimum lot area for a gas service station or a retail outlet where gasoline products are sold should be twenty thousand (20,000) square feet and so arranged that ample space is available for motor vehicles which are required to wait, except that gasoline service stations intended solely for the purpose of selling gasoline, oil and minor accessories and having no facilities for repair or servicing automobiles may be permitted on lots of less than twenty thousand (20,000) square feet subject to all other provisions required;
- (i) Veterinary hospitals or clinics are subject to the limitation that all activities be conducted within a totally enclosed building with no open-air impoundment and no external effects such as noise or odor which could adversely extend beyond the property lines; and
- (j) The City may require a building line along any streets.

Conditional Use Permit to operate a drive-in business in a Neighborhood Commercial District (C-1) at the proposed "Xquinkles San Juan" located at 101 S. Nebraska Avenue, Suite #5, legally described as Lots 1-12, Block 3, San Juan Original Townsite Subdivision, as Requested by Alfonso Cantu.

Cantu, Alfonso
3001 Gabriel St.
Mission, TX 78542

Treviño, Alicia B.
911 E. Wright Ave.
Pharr, TX 78577-4250

Cantu, Estela B.
124 E. 1st Street
San Juan, TX 78589-3002

Acosta, Robert
P.O. Box 577
Alamo, TX 78516-0577

Serna, Patricia Trustee
Ruben & Librada Serna
100 W Moore Rd. Lot 62
Pharr, TX 78577

Puente, Jose Jr.
127 E. 2nd Street
San Juan, TX 78589-3007

Cantu, Alfredo Jr.
111 E. 1st Street
San Juan, TX 78589-3001

Valdez, Esperanza
102 Jaime St.
San Juan, TX 78589

Salinas, Roberto
125 E. 2nd Street
San Juan, TX 78589-3007

Cantu, Minerva
113 E. 1st Street
San Juan, TX 78589-3001

Morales, Alberto A.
3419 Shadow Wood St.
Edinburg, TX 78541-9438

Pena, Alfredo ET AL
2828 Pleasant Union Church Rd.
Raleigh, NC 27614-9231

Reverend Raymundo J. Peña-Roman
Catholic Diocese of Brownsville
P.O. Box 2279
Brownsville, TX 78522-2279

Salinas, Norberto & Maria A.
208 N. Nebraska Avenue
San Juan, TX 78589-3038

Molino, Canales, LLC.
16307 Diamond Rock Dr.
Cypress, TX 77429-2467

Meritocracy Family Inc.
302 N. Frontier Ln.
Cedar Park, TX 78613-7677

Aleman, Adela S.
P.O. Box 984
San Juan, TX 78589-0984

Hernandez, Ramiro
117 E. 2nd Street
San Juan, TX 78589-3007

Peña, Alfredo and Patricia S.
11738 Sagittarius Dr. W
Willis, TX 77318-5189

Aleman, Encarnacion
P.O. Box 984
San Juan, TX 78589-0984

Lopez, Rafael
115 E. 2nd Street
San Juan, TX 78589-3007

Arcos, Dolores and Dora D. Peña
1306 3rd Street
Granbury, TX 76048-2533

Garcia, Maria Felicitas
118 E. 1st Street
San Juan, TX 78589

Yracheta, Hilda
115 E. 2nd Street
San Juan, TX 78589-3007

Vela, Angel and Rebeca
108 N. Nebraska Avenue
San Juan, TX 78589-3036

Bojorquez, Ricardo
2422 Links Dr.
Edinburg, TX 78542-4543

Box, Norma Linda
P.O. Box 598
San Juan, TX 78589-0598

Escalante, David
6912 Illusivo Ave.
Edinburg, TX 78542-7075

Garza, Lazara R.
111 E. 1st Street
San Juan, TX 78589-3001

Morales, Israel
P.O. Box 4364
McAllen, TX 78502-4364

Conditional Use Permit to operate a drive-in business in a Neighborhood Commercial District (C-1) at the proposed "Xquinkles San Juan" located at 101 S. Nebraska Avenue, Suite #5, legally described as Lots 1-12, Block 3, San Juan Original Townsite Subdivision, as Requested by Alfonso Cantu.

Guerrero, Francisca Martinez
203 N. Nebraska Avenue
San Juan, TX 78589-3037

Acosta, Jazmin
413 Ebony St.
San Juan, TX 78589-2339

Conditional Use Permit to operate a drive-in business in a Neighborhood Commercial District (C-1) at the proposed “Xquinkles San Juan” located at 101 S. Nebraska Avenue, Suite #5, legally described as Lots 1-12, Block 3, San Juan Original Townsite Subdivision, as Requested by Alfonso Cantu.



View from Nebraska Avenue



View from Second Street

ORDINANCE NO.

AN ORDINANCE GRANTING A CONDITIONAL USE PERMIT TO OPERATE A DRIVE-IN BUSINESS IN A NEIGHBORHOOD COMMERCIAL DISTRICT (C-1) AT "XQUINKLES SAN JUAN" LOCATED AT 101 S. NEBRASKA AVENUE, SUITE #5, LEGALLY DESCRIBED AS LOTS 1-12, BLOCK 3, SAN JUAN ORIGINAL TOWNSITE, AS PROVIDED IN ARTICLE IV, OF THE ZONING ORDINANCE, CITY OF SAN JUAN, HIDALGO COUNTY, TEXAS, PROVIDING FOR PUBLICATION AND AN EFFECTIVE DATE; PROVIDING FOR A CODE DISPOSITION.

WHEREAS, Alfonso Cantu has applied for a Conditional Use Permit under Article IV; of the Zoning Ordinance of the City of San Juan to operate a drive-thru business at "Xquinkles San Juan".

WHEREAS, this type of activity is prohibited by said Zoning Ordinance unless a Conditional Use Permit is granted; and,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS, AS FOLLOWS:

SECTION I. That a Conditional Use Permit under Article IV of the Zoning Ordinance of the City of San Juan, Texas, be granted to Alfonso Cantu has applied for a Conditional Use Permit to open a drive-in business at "Xquinkles San Juan" located at 101 S. Nebraska Avenue, Suite #5, subject to the following conditions:

1. The business must provide parking in accordance with the City off-street parking regulations and make provisions to prevent use of adjacent streets for parking, especially those in adjacent residential areas, by providing additional on-site parking.
2. The business must comply with the city's noise ordinance.
3. The business must comply with the City's *Security Cameras Ordinance*.
4. Owner agrees to pay an annual fee to the City of San Juan to maintain the health and occupational license permits thru the City.
5. Do not use the alley as entrance/exit.

SECTION II. PUBLICATION AND EFFECTIVE DATE CLAUSE. This Ordinance shall be published in the official newspaper of the City of San Juan, Texas, as provided by law, and shall be and remain in full force and effect from the after said date of publication.

PASSED and APPROVED on first reading on the 24th day of September, 2019.

PASSED and APPROVED on second and final reading on the 8th day of October, 2019.

CITY OF SAN JUAN

MARIO GARZA, MAYOR

ATTEST:

APPROVED BY:
Palacios, Garza & Thompson, P.C.

**DIANA CAVAZOS
CITY SECRETARY**

CITY ATTORNEY

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
OCTOBER 8, 2019

Consider Second and Final Reading of an Ordinance for a Rezoning Request from Single-Family Residence District (R-S) to Multi-Family Residence District (R-MF) of Lots 1 and 2, Block 3, Pecan Estates Subdivision, located approximately 350 feet East of Raul Longoria Road, along the North side of Sgt. Leonel Treviño Road, as Requested by Jose Zacarias, Jr.

STAFF COMMENTS AND RECOMMENDATIONS:

At the City Commission Meeting on September 24, 2019 the City Commission approved the First Reading of the Ordinance as presented by staff.

Previously, staff provided the following background:

Mr. Zacarias is proposing to rezone two (2) lots into a Multi-Family Residence District in order to build a high-end four-plex. There is an existing house in one of the properties and other is vacant. Each property is approximately 10,500 square feet (92' x 115').

The surrounding properties consist of a mixture of single-family and commercial uses.

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to twenty (20) property owners within a two hundred (200) feet radius and received no comments in favor or against the request.

RECOMMENDATION:

During their regular meeting on September 19, 2019 the Planning and Zoning Commission unanimously recommended approval of the rezoning request with a 7-0 vote.

PREPARED BY:

Roberto Escobar,
Planning Director

APPROVED BY:

Benjamin Arjona, City
Manager

MEETING DATES:
PLANNING AND ZONING COMMISSION – 09/19/2019
CITY COMMISSION – 10/08/2019
DATE PREPARED – 09/30/2019

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STAFF REPORT
GENERAL INFORMATION

APPLICATION:	Rezoning Request from Single-Family Residence District (R-S) to Multi-Family Residence District (R-MF)
APPLICANT:	Jose Zacarias, Jr.
SURVEYOR/ENGINEER:	N/A
LEGAL:	Lots 1 and 2, Block 3, Pecan Estates Subdivision
LOCATION:	The property is located approximately 350 feet East of Raul Longoria Road, along the North side of Sgt. Leonel Trevino Road
EXISTING ZONING:	Single-Family Residence District (R-S)
EXISTING LAND USE/ ADJACENT ZONING:	<u>North</u> – Residential; Single-Family Residence District (R-S) <u>South</u> – Vacant; Expressway Corridor District (EC) <u>East</u> – Vacant; Single-Family Residential District (R-S) <u>West</u> – Commercial; General Business District (C-2)
ACCESS AND CIRCULATION:	This property has access onto Sgt. Leonel Trevino Road
PUBLIC SERVICES:	Water and sewer services will be provided by the City of San Juan.
RECOMMENDATION:	Staff recommends approval of the rezoning request.

EVALUATION AND CONDITIONS FOR APPROVAL

Mr. Zacarias is proposing to rezone two (2) lots into a Multi-Family Residence District in order to build a high-end four-plex. There is an existing house in one of the properties and other is vacant. Each property is approximately 10,500 square feet (92' x 115').

The surrounding properties consist of a mixture of single-family and commercial uses.

Staff mailed a notice of the public hearing before the Planning and Zoning Commission to twenty (20) property owners within a two hundred (200) feet radius and received no comments in favor or against the request.

ATTACHMENTS:	Location Map Aerial Photo Zoning Map Subdivision Plat List of neighboring property owners receiving notice Pictures Ordinance
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FINAL RESOLUTION OF REQUEST & COMMENTS:

P&Z – 09/19/2019 Commissioner Guajardo made a motion to approve the rezoning request. Commissioner Alaniz seconded the motion. The motion passed unanimously with a 7-0 vote.

Mr. Escobar said it was a rezoning request from Single-Family Residence District to Multi-Family Residence District; the property is along Sgt. Leonel Trevino to the East of O'Reilly. The advertisement was in the newspaper and letters were mailed out to the surrounding property owners within the 200 foot radius. Copies of the zoning map and pictures are included in the packet for their review. He said that Mr. Zacarias is proposing to build a four-plex, but due to the lot size he does not believe it is feasible.

Chairwoman Castillo opened the public hearing at 6:22 p.m.

Mr. Jose Zacarias, applicant, said that he likes how San Juan is growing and all the changes along the Expressway. He said that he is proposing to build a four-plex in the area for professional people that work close to the area. He said if rezoning was approved, they will demolish the existing house on one of the properties.

Commissioner Yzaguirre asked if the four-plex will be built in both properties. Mr. Zacarias said only on the empty lot. Mr. Escobar added that the city will decide because of the lot property size.

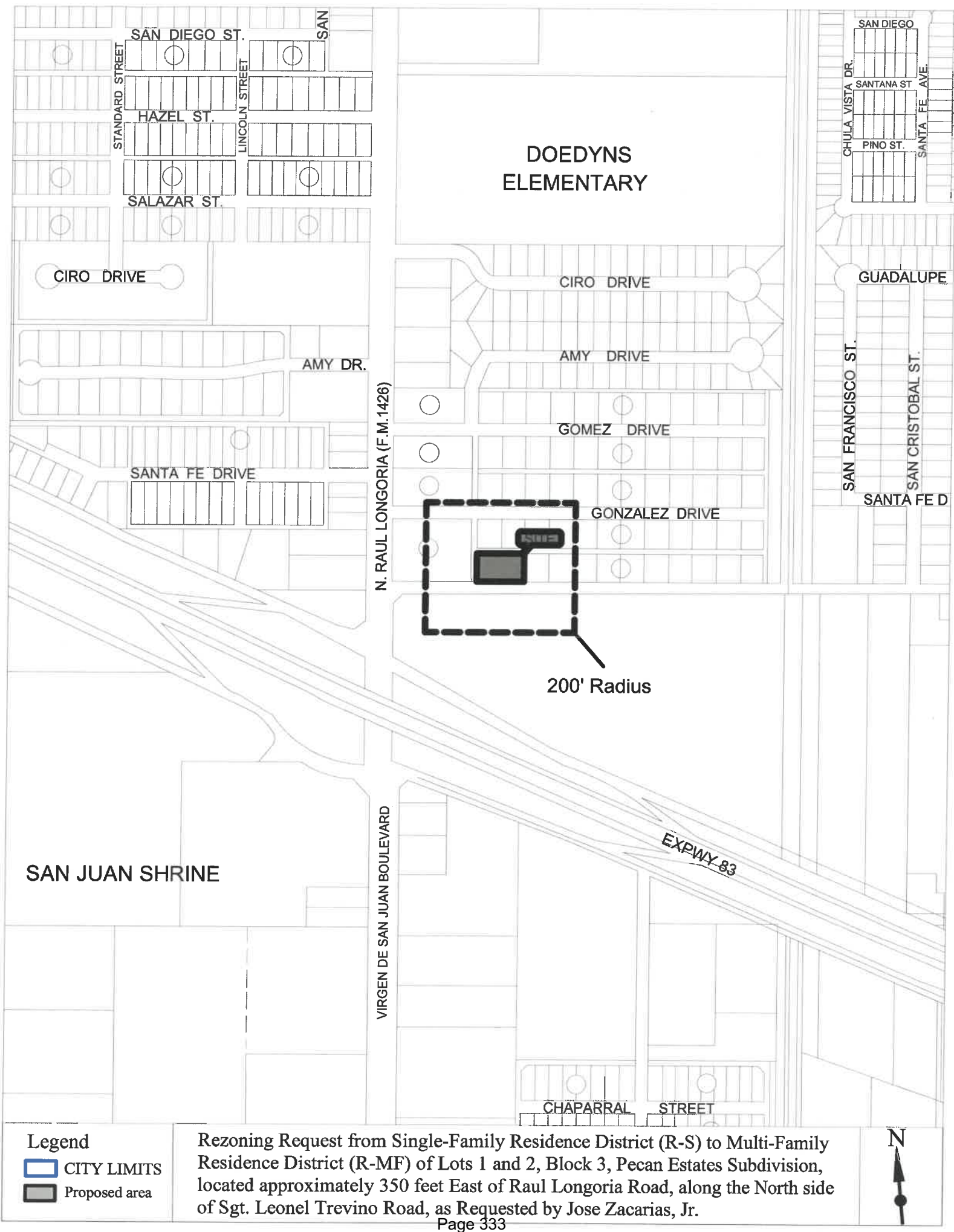
**REZONING REQUEST
JOSE ZACARIAS, JR.
OCTOBER 8, 2019**

PAGE 3

Mr. Carlos Salinas, neighbor, asked about any proposed plans. Mr. Escobar said they are just discussing the zone change but that they need to meet the city requirements. Commissioner Alaniz said that they are not allowed to consider anything besides the rezoning. Ms. Delfina Salinas, resident, said that she is worried about the people that will live there since it is a peaceful neighborhood where elderly people live.

Chairwoman Castillo explained that this is the first step that Mr. Zacarias needs to follow in order to change the zoning of his property.

Chairwoman Castillo closed the public hearing at 6:32 p.m.



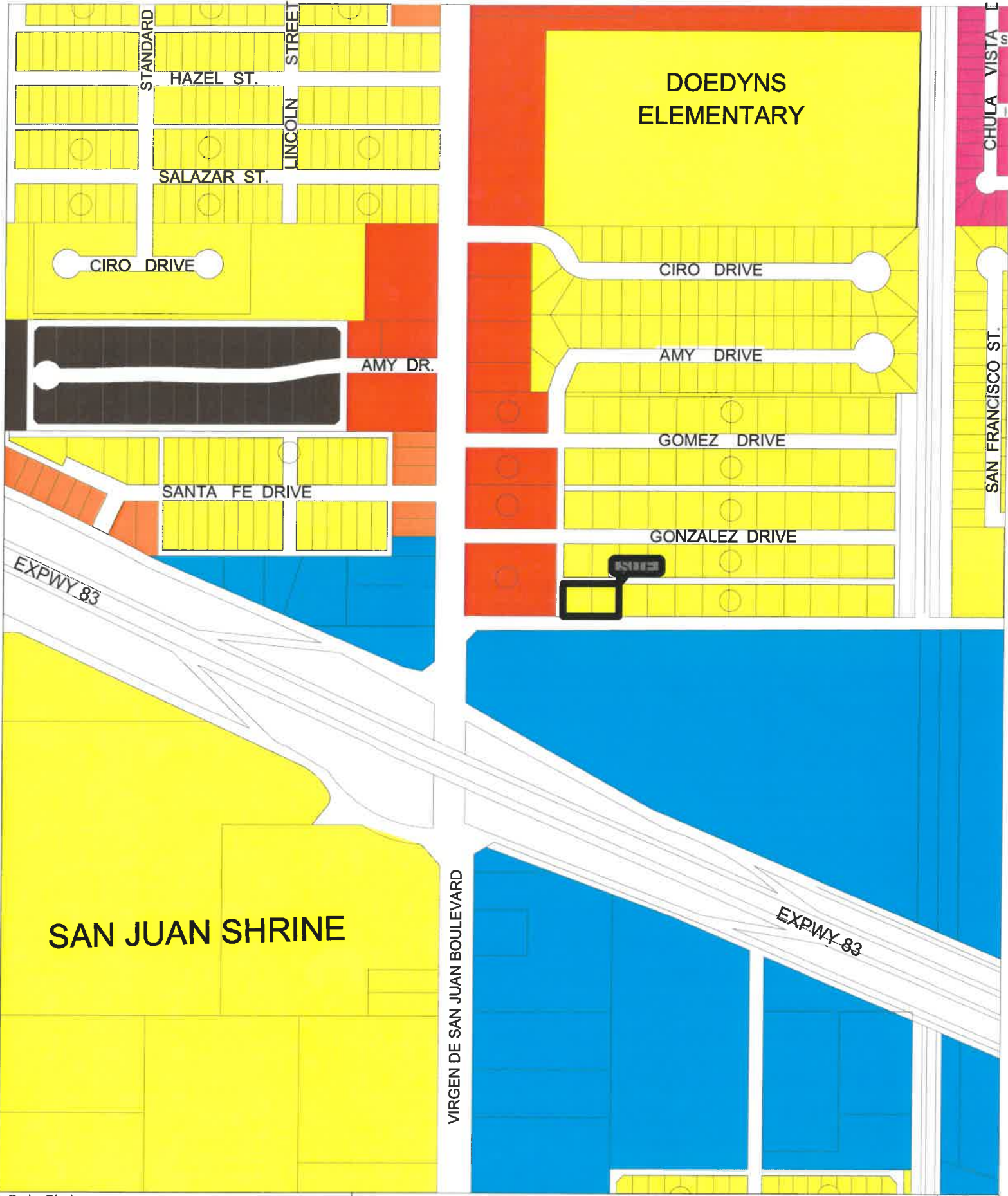


Legend

- CITY LIMITS
- Proposed area

Rezoning Request from Single-Family Residence District (R-S) to Multi-Family Residence District (R-MF) of Lots 1 and 2, Block 3, Pecan Estates Subdivision, located approximately 350 feet East of Raul Longoria Road, along the North side of Sgt. Leonel Trevino Road, as Requested by Jose Zacarias, Jr.



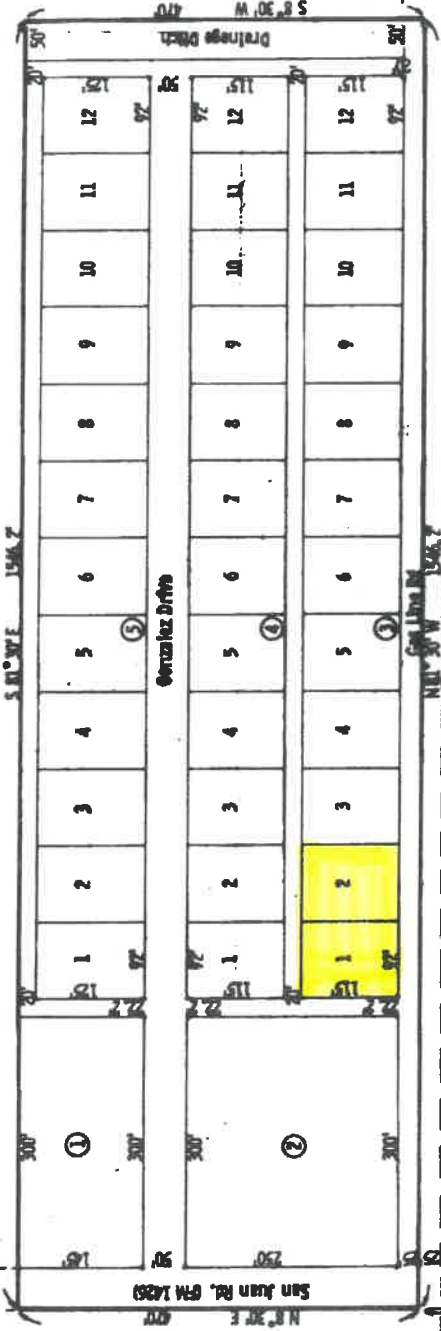


Zoning Districts

Single Family Residential (R-S)	Heavy Commercial (C-3)
Manufactured Home (R-MH)	Light Industrial (I-1)
Multi-Family Residential (R-MF)	Heavy Industrial (I-2)
Neighborhood Commercial (C-1)	Open Space (O)
General Business (C-2)	Exp. Corridor (EC)

Rezoning Request from Single-Family Residence District (R-S) to Multi-Family Residence District (R-MF) of Lots 1 and 2, Block 3, Pecan Estates Subdivision, located approximately 350 feet East of Raul Longoria Road, along the North side of Sgt. Leonel Trevino Road, as Requested by Jose Zacarias, Jr.





Note:
 * Measurements
 Set back equal 30' (end of lots only)

Scale 1" = 100'

MAP
 OF
 PECAN ESTATES
 BEING A SUBDIVISION OF THE
 SOUTH 40' FEET OF SOUTH HALF, LOT 26, BLOCK 8
 JOHN CLOSNER ET AL SUBDIVISION
 HIDALGO COUNTY, TEXAS

STATE OF TEXAS
 COUNTY OF HIDALGO

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY
 APPEARED _____, known to me to be the person whose name is subscribed
 to the foregoing instrument and acknowledged that they executed
 the same for the purposes and consideration therein expressed.

1. I, BOB GARRA, A REGISTERED PROFESSIONAL ENGINEER,
 DO HEREBY CERTIFY THE ACCOMPANYING MAP TO BE A
 TRUE AND CORRECT REPRESENTATION OF THE LAND HEREIN
 DESCRIBED AS DIVIDED AND SUBDIVIDED UNDER ME
 DIRECTION.



Notary Public
 STATE OF TEXAS
 COUNTY OF HIDALGO



APPROVED FOR RECORDING
 BY
 COMMISSIONERS' COURT
 This the _____ day of _____, 1971
 SANTOS SALDANA, County Clerk
 Hidalgo County, Texas

FILED FOR RECORD THIS DATE
 JAN 11 1971
 COUNTY CLERK
 HIDALGO COUNTY, TEXAS

STATE OF TEXAS
 COUNTY OF HIDALGO

I, _____, Clerk of the Commissioners' Court of
 Hidalgo County, Texas, do hereby certify that the foregoing map was
 approved and accepted by said Commissioners' Court on the _____
 day of _____, 1971, as shown by minutes of records in
 the office of said Court in 1971.

WITNESS my hand and seal of said Court at office in Midland,
 Texas, this the _____ day of _____, 1971.

Clerk of Commissioners' Court of
 HIDALGO COUNTY, TEXAS

By: _____
 Deputy

STATE OF TEXAS
 COUNTY OF HIDALGO
 This plat _____ Pecan Estates _____ Subdivision (Additional)
 approved _____, 1971 (date) by the City Commission of the
 City of San Juan, Texas. This plat _____
 of _____, 1971.

Mayor

Rezoning Request from Single-Family Residence District (R-S) to Multi-Family Residence District (R-MF) of Lots 1 and 2, Block 3, Pecan Estates Subdivision, located approximately 350 feet East of Raul Longoria Road, along the North side of Sgt. Leonel Treviño Road, as Requested by Jose Zacarias, Jr.

Zacarias, Joe
820 W. Nolana Avenue, Suite B
McAllen, TX 78504

McAllen Ventures LLC.
19 Palm Blvd.
Missouri City, TX 77459

Zacarias, Jose Cruz and Maria A.
101 E. Sgt. Leonel Trevino Road
San Juan, TX 78589

Rodriguez, Jose Sr. Sr.
P.O. Box 483
San Juan, TX 78589

Estrada, Jose Isabel
8707 Chukar St.
Edinburg, TX 78542

PSJA IND SCH DIST
P.O. Box 769
Pharr, TX 78577

Estrada, Jose E. Jr. and Jaime
405 E. Sgt. Leonel Trevino Rd.
San Juan, TX 78589

Salinas, Carlos G. and Delfina
107 Gonzalez Dr.
San Juan, TX 78589

Pena, Jessica Ramos
109 E. Sgt. Leonel Trevino Road
San Juan, TX 78589

Alaniz, Adalgisa
P.O. Box 261
Pharr, TX 78577

Flores, Florencia
c/o Octaviano Gonzalez
704 Alameda St.
San Juan, TX 78589

Suarez, Francisca
8700 Brodie Ln. Apt #317
Austin, TX 78745

Champion, Guadalupe and Maria B
106 Gonzalez Dr.
San Juan, TX 78589

Garza, Celso and Lorena E. Hdz.
101 Gonzalez Dr.
San Juan, TX 78589

Devora, Oralia F.
104 Gonzalez Dr.
San Juan, TX 78589

Quintanilla, Ramiro and Raquel
99 Gonzalez Dr.
San Juan, TX 78589

Gonzalez, John J. and Gloria
102 W. Gonzalez Dr.
San Juan, TX 78589

Valencia M.L. Family LP.
1103 N. Raul Longoria Road
San Juan, TX 78589

Guevara, Jesus U. and Maria
2711 Ponciana St.
Roma, TX 78584

Villarreal, Maria Elena
4716 N. 30th Ln.
McAllen, TX 78504

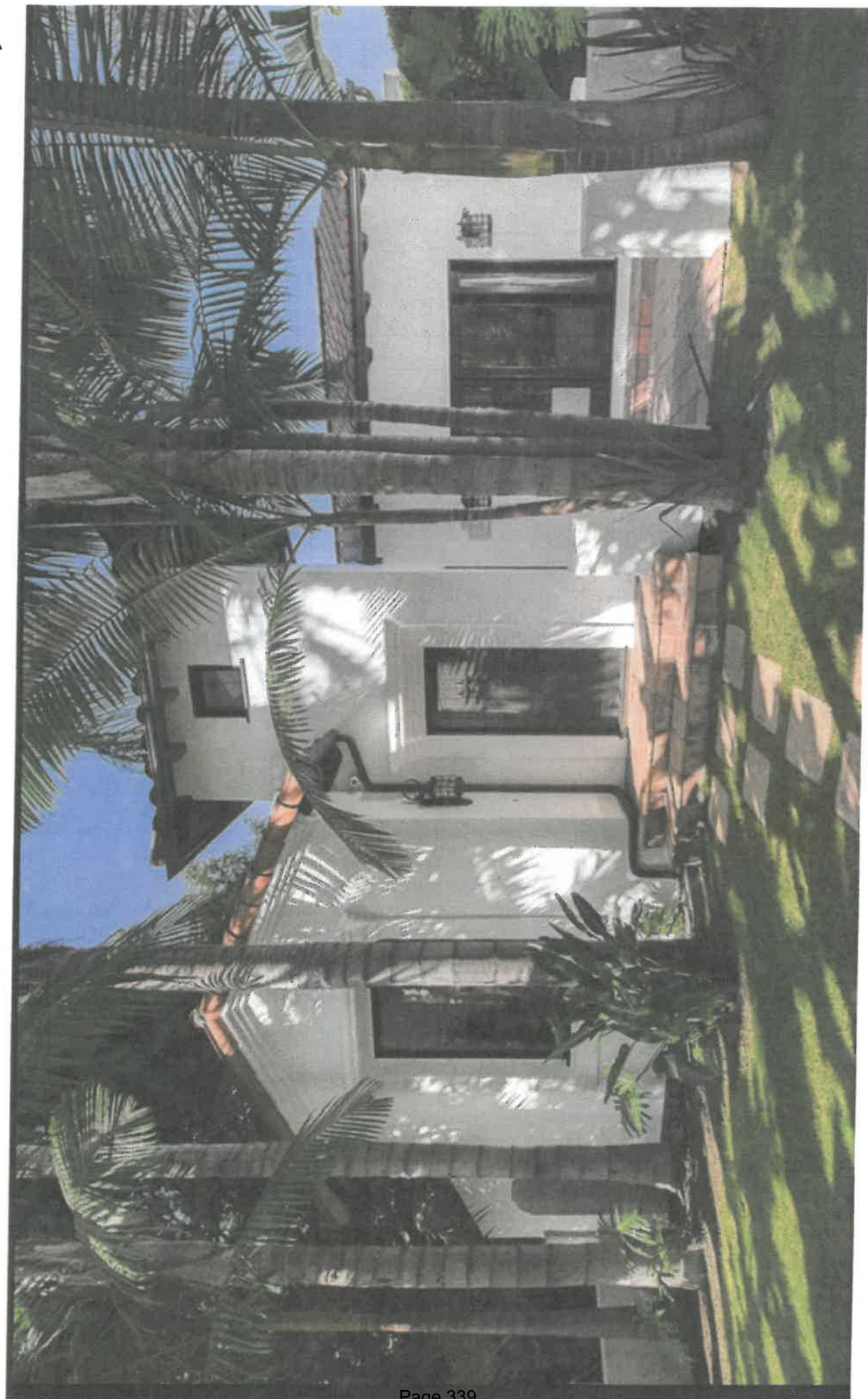
Rezoning Request from Single-Family Residence District (R-S) to Multi-Family Residence District (R-MF) of Lots 1 and 2, Block 3, Pecan Estates Subdivision, located approximately 350 feet East of Raul Longoria Road, along the North side of Sgt. Leonel Treviño Road, as Requested by Jose Zacarias, Jr.



Proposed Site



Proposed Site



ORDINANCE NO.

AN ORDINANCE AMENDING THE ZONING ORDINANCE NO. 98-006, THE ZONING ORDINANCE OF THE CITY OF SAN JUAN, TO CHANGE THE ZONING DISTRICT FROM SINGLE-FAMILY RESIDENCE DISTRICT (R-S) TO MULTI-FAMILY RESIDENCE DISTRICT (R-MF) FOR A PROPERTY LEGALLY DESCRIBED AS LOTS 1 AND 2, BLOCK 3, PECAN ESTATES SUBDIVISION, LOCATED APPROXIMATELY A 350 FEET EAST OF RAUL LONGORIA ROAD, ALONG THE NORTH SIDE OF SGT. LEONEL TREVINO ROAD, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF SAN JUAN, TEXAS:

Consistent with the City's land use plan as set-forth in the land use map that is a part of the City's Zoning Ordinance, and consistent with the City's intentions of allowing and encouraging multi-family district development that generates property taxes, water and sewer revenues and sales tax revenues.

The zoning district of the property legally described as Lots 1 and 2, Block 3, Pecan Estates Subdivision, located approximately 350 feet East of Raul Longoria Road, along the North side of Sgt. Leonel Trevino Road shall be changed to Multi-Family Residence District (R-MF) and the zoning map shall be amended accordingly.

PASSED and **APPROVED** on first reading on the 24th day of September, 2019.

PASSED and **APPROVED** on second and final reading on the 8th day of October, 2019.

CITY OF SAN JUAN

MARIO GARZA
MAYOR

ATTEST:

APPROVED BY:
Palacios, Garza & Thompson, P.C.

DIANA CAVAZOS
CITY SECRETARY

CITY ATTORNEY

MINUTES OF SPECIAL CALLED MEETING OF THE CITY OF SAN JUAN COMMISSION

DATE: Friday, June 7, 2019

TIME: 5:30 p.m.

PLACE: San Juan Memorial Library
Multipurpose Meeting Room
1010 S. Standard
San Juan, Texas 78589

MEMBERS PRESENT: Mario Garza, Mayor
Pete Garcia, Mayor Pro-Tempore
Jesus “Jesse” Ramirez, Commissioner
Ernesto “Neto” Guajardo, Commissioner
Leonardo “Lenny” Sanchez, Commissioner
Rick Palacios, City Attorney

STAFF PRESENT: Benjamin Arjona, City Manager
Diana Cavazos, City Secretary
Tirso Garza, Chief of Fire
Juan Gonzalez, Chief of Police
Leroy Gonzalez, Director of Finance
Adelaida Cordero, Director of Human Resources
Armandina Segin, Library Director
Patrick Willingham, Director of Parks & Recreation
Roberto Escobar, Director of Planning
Roel Garza, Director of Sanitation/ Public Works
Rene Jaime, Purchasing/Risk Management
David Salinas, Director of Utilities
Mary Enriquez, Court Administrator
Pat Karr, Director of Information Technology

ORDER OF BUSINESS

I. CALL MEETING TO ORDER

Mayor Mario Garza called meeting to order at 5:30p.m.

II. INVOCATION

Benjamin Arjona, City Manager led the Invocation.

III. PLEDGE OF ALLIANCE

Mayor Mario Garza led the Pledge of Allegiance.

IV. PRESENTATION

- A. Proclamation Praising Sergeant Rolando Garcia on his Retirement and 25 Years of Service to the City of San Juan.

**CITY OF SAN JUAN
SPECIAL CALLED MEETING
FRIDAY, JUNE 7, 2019**

DISCUSSION: Benjamin Arjona, City Manager stated it's not like every single day we have somebody who is important to our department that is retiring. Mr. Arjona further stated he wanted to thank our sergeant, who he believes we should call chief, for his dedication and service. Mr. Arjona mentioned Sergeant Garcia started as a dispatcher and mentioned he didn't know Mr. Garcia but would see him on T.V. as the Public Relations speaker for the City of San Juan. Mr. Arjona further mentioned that at that time Sergeant Garcia was really skinny and then he got married.

Mayor Mario Garza stated before he read the proclamation he wanted to thank Sergeant Rolando Garcia for his service. Mayor Garza further stated when he first graduated from college he was employed with the City of San Juan as a dispatcher as well and Sergeant Garcia was the one that took him under his wing. Mayor Garza stated that being in law enforcement is hard; being an officer is something that not too many people can do since it takes a toll on the individual and on their families as well. Mayor Garza further stated he would like to thank the Garcia family for allowing Sergeant Garcia to be a part of our family of the City of San Juan for 25 years. Mayor Garza congratulated Sergeant on his next chapter as Chief of Police for the PSJA school district and stated you've always been a humble person that cares about the community. Thank you so much from the bottom of my heart, from my family, and the citizens of San Juan.

Commissioner Leonardo "Lenny" Sanchez stated I myself work in law enforcement I know how it is and how you miss time away from the family. Commissioner Sanchez further stated that in the last natural disaster that happened in the valley he was away from his family but he knew there was people like Sergeant Garcia taking care of his family while he took care of others, it takes a special person to have this job. I commend you sergeant in this next chapter of your career and I'm honored to call you Chief of PSJA ISD.

Commissioner Jesus "Jesse" Ramirez stated before Sergeant Garcia started with San Juan PD he was a coach for the Pony League at that time I became the president of the youth program. Commissioner Ramirez further stated he saw the leadership Sergeant displayed out in the field which he carried over to the San Juan Police Department and it's going to carry over to the district. Commissioner Ramirez congratulated Sergeant Garcia and wished him nothing but the best. Commissioner Ernesto "Neto" Guajardo stated he did not know Sergeant Garcia for that long but the day they met he was coaching at Austin Middle School. Like Commissioner Ramirez mentioned that day he met a very smart man and wished Sergeant Garcia luck in his new chapter.

Chief Juan Gonzalez stated he knew this was a special day for the Garcia family, coming from a family in law enforcement himself; it is an honor to retire from Law Enforcement, especially nowadays. It's always good to see officers that complete their service. Chief Gonzalez further stated that when Sergeant Garcia came on board he has always been a hard worker, educated and had the training to be promoted to sergeant. Chief Gonzalez mentioned Sergeant Garcia was a very dedicated individual, very smart and probably one

**CITY OF SAN JUAN
SPECIAL CALLED MEETING
FRIDAY, JUNE 7, 2019**

of the best communications supervisors in the valley as well as a great firefighter. Chief Gonzalez presented Sergeant Garcia with the retiring of his badge and thanked him for all his efforts on behalf of all his staff. Chief further stated the department would always be there to support him on his new career.

The San Juan Police Officers Association presented Sergeant Garcia with a plaque as gratitude for all of his hard work. Representative from the San Juan Police Officers Association stated he had worked alongside Sergeant Garcia in narcotic cases. He further stated he had always looked up to Sergeant Garcia as a leader and his mentor, and was looking forward to following his footsteps. Fire Chief Tirso Garza stated on behalf of the Fire Department they would like to wish Sergeant Garcia the best of luck in his new chapter with PSJA ISD. Reinforcing that they would always be available any time he needs their assistance.

Sergeant Rolando Garcia thanked everyone that was present and expressed his appreciation for the meeting. Sergeant Garcia stated that in a small party his dispatchers gave him he had mentioned he never thought he would be wearing a different uniform. He further stated his pride has always been San Juan PD, a very good agency to work for, probably the best agency to work for in the valley. Sergeant Garcia mentioned the best assets San Juan Police Department has is their police officers who like to serve the community. Sergeant Garcia further stated the one thing he valued the most were the contacts he's made over the years and the network with other agencies. Sergeant Garcia moved on to thank Ruben, who he considers a mentor since the beginning when he was 18 years old. Sergeant Garcia stated when Ruben left to DPS he told him I was going to become the active supervisor to replace him and those were some really big shoes to fill, I hope I made you proud. Sergeant Garcia moved on to thank Chief Garza for always being there along with his staff. Sergeant Garcia further stated he knew Torito was going to be happy since he would always say he knew he was going to get a call at 2 or 3 o'clock in the morning when I was dispatching. Sergeant Garcia continued thanking Chief Garza and stated they had shared a building for a very long time and it has been a great working relationship that was built and it's always going to be there. Sergeant Garcia moved on to thank Chief Gonzalez for everything he further stated that when Chief came on board he had some big dreams for the department and he hoped they were able to live up to what he wanted. Sergeant Garcia moved on to thank staff, Judges, Mr. Jaime, and Ms. Cordero for helping him in his transition. Lastly he thanked his family, his children and stated that the last few months had been difficult since he was going to school full time and working, but he always had the support from family. Mr. Garcia then thanked his wife, and stated he had no words other than that she was the reason behind everything. Sergeant then thanked his son and stated that although he went the other way, to the Fire Department, he was very proud of him and now he will be his boss.

Mayor Mario Garza then proceeded to read the proclamation for Sergeant Rolando Garcia.

V. ADJOURNMENT 5:59 P.M.

**CITY OF SAN JUAN
SPECIAL CALLED MEETING
FRIDAY, JUNE 7, 2019**

**Commissioner Ernesto “Neto” Guajardo made motion to Adjourn and was seconded by
Commissioner Leonardo “Lenny” Sanchez. Motion passed (5-0)**

CITY OF SAN JUAN, TEXAS

Mario Garza, Mayor

ATTEST:

Diana H. Cavazos, City Secretary

MINUTES OF REGULAR MEETING OF THE CITY OF SAN JUAN COMMISSION

DATE: Tuesday, June 11, 2019

TIME: 6:00 p.m.

PLACE: San Juan Memorial Library
Multipurpose Meeting Room
1010 S. Standard
San Juan, Texas 78589

MEMBERS PRESENT: Mario Garza, Mayor
Pete Garcia, Mayor Pro Tempore
Jesus “Jesse” Ramirez, Commissioner
Ernesto “Neto” Guajardo, Commissioner
Leonardo “Lenny” Sanchez, Commissioner
Rick Palacios, City Attorney

STAFF PRESENT: Benjamin Arjona, City Manager
Diana Cavazos, City Secretary
Tirso Garza, Chief of Fire
Juan Gonzalez, Chief of Police
Leroy Gonzalez, Director of Finance
Adelaida Cordero, Director of Human Resources
Armandina Segin, Library Director
Patrick Willingham, Director of Parks & Recreation
Roberto Escobar, Director of Planning
Roel Garza Director of Sanitation/ Public Works
Rene Jaime, Purchasing/Risk Management
David Salinas, Director of Utilities
Mary Enriquez, Court Administrator

ORDER OF BUSINESS

- I. CALL MEETING TO ORDER**
Mayor Mario Garza called meeting to order at 6:00p.m.
- II. INVOCATION**
Benjamin Arjona, City Manager led the Invocation.
- III. PLEDGE OF ALLEGIANCE**
Mayor Mario Garza led the Pledge of Allegiance.
- IV. PUBLIC COMMENTS**
Jose P. Rodriguez presented himself as the new police bargaining agent to the City Commission.
Mike Garza was there to speak for his elderly parents and make a recommendation regarding trees on the alleys.
- V. PRESENTATIONS**
A. Presentation on Upcoming 2019 Hurricane Preparedness.

DISCUSSION: Tirso Garza, Fire Chief stated that in preparation for the hurricane season staff currently had 1300 sandbags and the high profile vehicles were ready. He further stated he spoke to Mr. Garza from Public Works on working on an MOU with the City of Pharr on the citrus flooding and if there were any mayor rainfalls beforehand they would be setting up a pump. Chief Garza further mentioned he was aware that they worked on the line. Mr. David Salinas, Director of Utilities stated he met up with staff from the City of Pharr and they would be there tomorrow to help unroot. Mayor Mario Garza asked if there was a charge for that to which Mr. Salinas replied no it is part of the MOU and the Interlocal that’s in place. Chief Garza added that he is aware that the city has received phone calls from residents requesting sandbags which are ready and prepared for distribution should the need arise. Mayor Garza asked there will be a workshop in the future to which Chief Garza responded that a workshop can be arranged using the same date and time from last year, and that they would be more than happy to compile the information. He also mentioned that they did an outreach with Precinct 2 where they recommended having residents from the surrounding colonias attend the hurricane preparedness workshop. Mayor Garza advised Fire Chief to get with Mr. Arjona to plan out the workshop.

CITY OF SAN JUAN
CITY COMMISSION MEETING
TUESDAY, JUNE 11, 2019

B. Presentation of Department Reports: Department of Finance, Police Department, Municipal Court, Fire Department, Department of Utilities, Department of Planning and Zoning, Department of Parks and Recreation, San Juan Memorial Library and Department of Sanitation.

DISCUSSION: Commissioner Jesus “Jesse” Ramirez asked if there was any information regarding the swimming pool complex at the high school and whether it is available to residents as well to which Mr. Roberto Escobar, Director of Planning and Zoning replied that the school didn’t provide that information to him. Mr. Arjona, City Manager mentioned that the only commitment that there is with the school district is not in writing. Mayor Mario Garza stated previously they’ve sat with Dr. King and some of the board members to discuss the usage of the pool and that the goal is to run the summer programs. Mayor Garza further stated once we get into the budget season they will be budgeting for employees for the summer time. Mr. Arjona added that he believes right now they are at the design phase and will be going out for bids. Commissioner “Jesse” Ramirez stated that he noticed the new trucks the Police Department purchased and they look great. He also congratulated Ms. Mary Enriquez, Municipal Court Administrator for collecting \$30,000 with the Amnesty Program. Commissioner Ramirez asked for the status on the A/C unit at the Fire Station# 2 to which Tirso Garza, Fire Chief responded that they just received three price quotes to prepare the requisition for the PO. Commissioner Ramirez further mentioned he noticed the big improvement on Medicare response times. Commissioner Ramirez thanked Mr. Roel Garza, Director of Sanitation/Public Works on the neighborhood clean-up event. Mr. Garza stated there was an event scheduled for this month and the department would be having neighborhood meetings to educate the public on replacing containers. Commissioner Ramirez asked if the brush was on schedule to which Mr. Garza replied yes. Commissioner Ramirez asked if all the instructors were set for the summer programs that are being offered to which Mr. Willingham replied they were all ready to go. Commissioner Ramirez asked if the issue the front desk was having for self-checkout during the arts and crafts program to which Ms. Armandina Sesin, Library Director replied she needed a budget adjustment for \$3,994 to fix it. Mayor Pro Tem Pete Garcia asked about the phone lines being down at City Hall and asked Police Chief how we are responding to emergencies to which Chief Gonzalez responded that the IT Department is currently working to reroute and track all the phone calls that are coming in. Chief Gonzalez stated there is an alternative phone number that can be used in case of an emergency and that the community can call 911 directly. City Manager, Benjamin Arjona thanked the City Commission for their support in purchasing the new vehicles for the Police Department, Sanitation and Utilities.

VI. PUBLIC HEARING/ ORDINANCES

A. Hold a Public Hearing and Consider an Ordinance in First Reading for a Rezoning Request from Multi- Family Residence District (R-MF) to Single- Family Residence District (R-S) of the West 10 acres of the East 20 acres of Lot 3, Block 39, Alamo Land and Sugar Company’s Subdivision, located approximately a quarter of a mile West of Cesar Chavez Road, along the South side of Sioux Road, as Requested by Omar Rios.

DISCUSSION: Mr. Roberto Escobar, Director of Planning and Zoning, informed the City Commission that the item was submitted by Omar Rios along with the application fee. The advertisement to the newspaper and letters to residents within 200 feet radius had been sent out as required to 21 property owners. He further informed the City Commission that they had previously zoned this property from single- family to multi- family in 2017 and they are looking into changing it back to single- family residential for a subdivision of 75 lots.

Mayor Mario Garza opened the Public Hearing at 6:23 p.m.

Mayor Mario Garza closed the Public Hearing at 6:23 p.m.

Mayor Pro Tem Pete Garcia made motion to approve and was seconded my Commissioner Jesus “Jesse” Ramirez. Motion Passed (5-0).

B. Hold a Public Hearing and Consider an Ordinance in First Reading for the Conditional Use Permit for the Sale of Alcoholic Beverages for On- Premise Consumption at “Armbar Sports Pub” located at 1618 N. Veterans Boulevard, Suite E, legally described as 3.42 acre tract of land out of the West 335 feet of the North 440 feet of Lot 12, Block 5, John Closner Subdivision, as Requested by Marena A. Trevino.

DISCUSSION: Mr. Roberto Escobar, Director of Planning and Zoning, informed the City Commission that this item was submitted by Marena A. Trevino along with the application fee. The advertisement to the newspaper and letters to residents within 200 feet radius were sent out as required. Mayor Garza asked for the hours of liquor sale and Mr. Escobar answered it would be from 5:00pm to 2:00am.

Mayor Mario Garza opened the Public Hearing at 6:25 p.m.

**CITY OF SAN JUAN
CITY COMMISSION MEETING
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Commissioner Jesus “Jesse” Ramirez asked if the time to sell alcohol was the same that we are allowing for all other similar locations to which Mr. Escobar replied yes.

Mayor Mario Garza closed the Public Hearing at 6:26 p.m.

Mayor Pro Tem Pete Garcia made motion to approve and was seconded by Commissioner Guajardo, motion passed (5-0).

C. Hold a Public Hearing and Consider an Ordinance in First Reading for the Conditional Use Permit for the Sale of Alcoholic Beverages for On- Premise Consumption at “Lisa’s Sports Pub” locate at 1209 E. FM 495, Suite 4, legally described as Lot 30, Morning- wood Subdivision, as Requested by Elisa Gamez.

DISCUSSION: Mr. Roberto Escobar, Director of Planning and Zoning, informed the City Commission that the conditional permit for late sale permit was submitted by Elisa Gamez. The application fee was submitted along with the advertisement to the newspaper and letters to residents within 200 feet radius as required. Mr. Escobar stated the hours would be from 5:00 p.m. to 2:00 a.m.

Mayor Mario Garza opened the Public Hearing at 6:27p.m.

Mayor Mario Garza closed the Public Hearing at 6:27 p.m.

Commissioner Ernesto “Neto” Guajardo made motion to approve and was seconded by Commissioner Leonardo “Lenny” Sanchez, Motion carried (5-0).

D. Hold a Public Hearing and Consider an Ordinance in First Reading for the Rezoning Request from Expressway Corridor District (EC) to Single – Family Residence District (R-S) of 15.932 acre tract of land out of Lot 3, Block 35, Alamo Land Sugar Company Subdivision, located approximately a quarter of a mile West of Cesar Chavez Road, along the South side of Sgt. Leonel Trevino Road, as Requested by Estefania Rios.

DISCUSSION: Mr. Roberto Escobar, Planning and Zoning Director informed the City Commission that for this item, the property owner requested for the city to take no action this is the second time no action is requested.

VII. APPOINTMENTS

A. Consider Removal and Appointment of Board Members Related to the Parks and recreation Advisory Board.

DISCUSSION: Diana Cavazos, City Secretary stated the San Juan Parks and Recreation Board which consists of seven members serving two year staggered terms at this time has 2 members whose term have expired; Mark Alaniz and Stephanie Alvarez.

Commissioner Jesus “Jesse” Ramirez asked if the two members were aware that their membership had expired since they didn’t submit an application to which Mr. Willingham responded that they were aware and that he informed Ms. Cavazos that they are willing to serve if they were to be re-appointed. Commissioner Ramirez asked if he knows for how long they have been serving for to which Mr. Willingham replied that unfortunately they couldn’t find any record of when they were appointed.

Commissioner Leonardo “Lenny” Sanchez made motion to appoint Gilberto Moises Vazaldua and Ramiro Herrera Jr. Commissioner Ernesto “Neto” Guajardo seconded. Motion passed (5-0).

VIII. DISCUSSION AND POSSIBLE ACTION ON THE FOLLOWING MATTERS:

A. Consideration and Appropriate Action, if any, under Section 174.102, Texas Local Government Code to Recognize an Association selected by a Majority of the Police Officers of the Police Department of the City of San Juan as the Exclusive Bargaining Agent for the Police Officers of that Department and Related Matters.

DISCUSSION: Ms. Rebecca Hubert informed the City Commission that she’s being hired as the attorney to represent the city in the collective negotiations with the Police Department. She further stated that one of the changes that have occurred from last year to this year is that the majority of the Police Officers changed their membership from CLET to TMPA and that the petition from TMPA is 33 of the 47 officers that we have. She added that as per Code 174, the City of San Juan needs to recognize affirmatively that TMPA will be the new majority bargaining agent that the city will be negotiating with this year. As far as staff recommendation, they recommend to recognize TMPA as the majority bargaining agent. Ms. Hubert

**CITY OF SAN JUAN
CITY COMMISSION MEETING
TUESDAY, JUNE 11, 2019**

informed the City Commission that if they had any questions, she and TMPA representative were happy to answer. City Council, Rick Palacios informed that he received the notice.

Ernesto “Neto” Guajardo made motion to approve and was seconded by Mayor Pro Tem Pete Garcia. Motion Passed (5-0).

B. Consider Ratifying Approval of a Budget Adjustment in the Sanitation Department in the Amount of \$15,000 from Machinery & Equipment- Other Equipment to Tires and Tubes Line Item.

DISCUSSION: Mr. Roel Garza, Director of Sanitation/ Public Works informed the City Commission that they are seeking approval to ratify the budget adjustment for tires and repairs for the Sanitation trucks.

Mayor Pro Tem Pete Garcia made motion to approve and was seconded by Commissioner Jesus “Jesse” Ramirez. Motion Passed (5-0).

C. Consider Selecting an Engineering Firm and Authorize the City Manager to Enter into a Contract Agreement for Engineering Services for the Design, Specifications and Construction of Additional Parking RFQ Bid# 19-04-05-01 at the San Juan Police Department.

DISCUSSION: City Manager, Benjamin Arjona asked the City Commission to take **no action** as this time as he is looking at different options on the monetary side.

D. Consider Entering Into a Memorandum of Understanding (MOU) between the City of San Juan and the American Red Cross (ARC).

DISCUSSION: City Manager, Benjamin Arjona recommended to take **no action** at this time since Fire Chief, Tirzo Garza is pending to receive additional information and that our MOU doesn’t expire until 2021.

E. Consider Ratifying Approval of a Budget Adjustment in the Sanitation Department in the Amount of \$40,000 from Machinery & Equipment- Other Equipment to Repair & Maintenance Line Item.

DISCUSSION: Mr. Roel Garza, Director of Sanitation/ Public Works informed the City Commission that this is a budget adjustment for the repairs and maintenance for our sanitation trucks for the remaining of the fiscal year. Commissioner Jesus “Jesse” Ramirez asked from what account this will be coming out of, Mr. Garza replied from the capital outlay account.

Commissioner Jesus “Jesse” Ramirez made motion to approve and was seconded by Commissioner Leonardo “Lenny” Sanchez. Motion Passed (5-0).

F. Discussion and Possible Action to Authorize Advertising Bid Proposal for the Street Paving Improvements Project – Phase 3.

DISCUSSION: City Manager, Benjamin Arjona informed the City Commission that the engineers and Mr. Roel Garza were present to give a presentation on the streets that were selected for phase 3. Mr. Arjona added that there is a spreadsheet in their packets with the street names an estimate cost of \$1.4 and it is under the budget. He further mentioned that we will be going for bids and if there’s any street that the commission would like to add, it can be added at this point since it can be negotiated with the county by selecting a firm that will not make us go over the budget. Commissioner Guajardo recommends to add Kansas street from Ohio to 13 ½ street. City Manager added that the streets listed are based on the report that was given to everybody as far as the Fairport. Commissioner Ernesto “Neto” Guajardo mentioned that Ohio Street is worse than Kansas. Commissioner Jesus “Jesse” Ramirez asked if we can please look into Tierra de Las Palmas Subdivision on Washingtonian. Mayor Garza advised to please look into the Loma Streets and further informed Mayor Pro Tem Pete Garcia that in August or September, we will start the Urban County project for King Street. Mayor Garza asked if on the next meeting we could submit an assessment list of all the streets to which Mr. Arjona responded yes.

Mayor Pro Tem Pete Garcia made motion to approve and was seconded by Commissioner Jesus “Jesse” Ramirez. Motion Passed (5-0).

G. Discussion and Possible Action to Authorize City Manager to Execute a Budget Amendment in the Amount of \$75,000.00 From Retained Earnings from the Storm Water Fund for the Repair and Maintenance of Storm Drainage Lines and for the Purchase of Two Utility Trailers.

DISCUSSION: City Manager, Benjamin Arjona informed the City Commission that since the City of Pharr is working on a MOU with the City of San Juan, there’s no need request that amount. Mr. Arjona

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further mentioned the only thing we they are asking for is the cost of 2 utility trailers which is about \$3,800 each and this will be coming out of the storm drainage fund.

Commissioner Jesus “Jesse” Ramirez made motion to approve not exceeding \$10,000 and was seconded by Commissioner Ernesto “Neto” Guajardo. Motion passed (5-0).

H. Discussion and Possible Action to reclassify the Mechanic (Small Engine) Position in the Central Garage Division to Mechanic ASE Certified.

DISCUSSION: Mr. Roel Garza, Director of Sanitation and Public Works informed the City Commission that right now there is an opening position for ASE Mechanic. Mr. Garza further mentioned that it will be great for the city because more breakdowns repairs would be done in house instead of outsourcing services. Mayor Mario Garza asked what the starting salary will be to which Mr. Garza replied \$15.00 an hour. Commissioner Jesus “Jesse” Ramirez asked if the new position that he is creating was within the budget process to which Mr. Garza replied yes, the position is a reclassification. City Manager, Benjamin Arjona asked for how long have we advertised the position to which Mr. Garza replied it’s been advertised for a month with only 2 applicants. Mayor Pro Tem Pete Garcia asked how we were currently paying an hour to which Mr. Garza replied \$10.76. Mayor Pro Tem asked if he thinks that the amount will attract people to apply, Mr. Garza said yes and that they are also looking into creating partnership with South Texas College. Ms. Adelaida Cordero, Director of Human Resources stated her staff contacted City of Edinburg and City of Pharr for comparison to amend the classification and compensation plan. Mayor Garza mentioned that \$15.00 an hour is not enough and doesn’t think is very attractive. Mr. Arjona, City Manager stated that the goal was to reach out to the school district for internships. Commissioner Leonardo “Lenny” Sanchez mentioned that he believes we should be a little bit more competitive. Mayor Garza advised if there can be some kind of window to where we can start at \$15.00 an hour- \$25.00 an hour depending the years of experience. Commissioner Ernesto “Neto” Guajardo added that we can also just do an annual salary. Mayor Pro Tem Pete Garcia advised Mr. Garza that maybe we can negotiate according to the experience because we might find someone with 10 to 15 years of experience that might ask for more but does better work. City Council, Rick Palacios advised the City Commission that they can provide a scale based on experience and decide from there what the pay rate will be. City Council, Rick Palacios asked Ms. Adelaida Cordero what the pay rates from City of Edinburg and City of Pharr were to which Ms. Cordero replied that the outsource was that amount since it required certifications.

Mayor Pro Tem Pete Garcia made motion to approve the pay rate of \$15.00 an hour tops \$22.00 an hour based on experience, was seconded by Commissioner Leonardo “Lenny” Sanchez. Motion Passed (5-0).

IX. CONTRACTUALS/ RESOLUTIONS

A. Consider a Resolution to Support and Participate on the 2020 Census and Appointment to the Complete Count Committee for the City of San Juan.

DISCUSSION: Mr. Roberto Escobar, Director of Planning and Zoning informed the City Commission that this resolution is to participate in the complete count committee. Mr. Juan Gonzalez, Partnership with Willacy, Cameron, and Hidalgo was present to answer any questions. Mayor Pro Tem Pete Garcia asked when the census starts. Mr. Gonzalez replied that it will open in March 12th 2020 and end July 30, 2020. Mayor Pro Tem Garcia asked how many people they were planning on hiring to which Mr. Gonzalez replied that for the 12th state region that Texas is part of, they are hiring one hundred thousand people with a pay rate of \$12.00 - \$14.00 an hour. Mayor Pro Tem Garcia asked if the committee for the City of San Juan will be different or will it be combined with the COG. Mr. Gonzalez replied that it will be representative on the COG and advised that each city have their own complete count committee.

Commissioner Leonardo “Lenny” Sanchez made motion to approve and was seconded by Commissioner Ernesto “Neto” Guajardo. Motion Passed (5-0).

B. Consider Resolution Authorizing the City Manager to Submit an Application for Funding to the Office of the Governor, Homeland Security Division for the Hidalgo 2018 Operation Stone Garden Project.

DISCUSSION: Police Chief, Juan Gonzalez informed the City Commission that this is a standard grant that was submitted in the basic reading of 2018 fiscal year for \$120,000 and for a truck, which has been approved by the state.

Commissioner Jesus “Jesse” Ramirez made motion to approve and was seconded by Mayor Pro Tem Pete Garcia. Motion Passed (5-0).

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C. Consider Adopting a Resolution for the Application Submittal For Participation in TexSTAR Investment Pool Allowing the City to Invest its Funds in Spectrum Way to Maximize the City's Return on Investments, while still Maintaining Fiscally Prudent Investments.

DISCUSSION: Mr. Leroy Gonzalez, Finance Director stated that TexStar Investment Service was created for local governments who transfer funds for investments and achieving solid physical responsibility and critical challenges for our government. He further informed that TexStar offers investments options that provide security liquidly and efficiency.

Commissioner Leonardo "Lenny" Sanchez made motion to approve and was seconded by Commissioner Jesus "Jesse" Ramirez. Motion Passed (5-0).

X. CONSENT AGENDA

A. Consider Second and Final Reading of an Ordinance for the Voluntary Annexation of the Proposed Hacienda San Fernando Subdivision being 18.45 acre tract of land out of Lot 7, Block 9, and Lot 5, Block 13, John Closner Subdivision of Porciones 71 and 72, as per map recorded in Volume 0, Page 4, Map Records, Hidalgo County, Texas located approximately a 1,000 feet East of Nebraska Avenue along the South side of Moore Road.

B. Consider Second and Final Reading of an Ordinance for a Conditional Use Permit to Open and Event Center and Sale of Alcoholic Beverages for On- Premise Consumption at the proposed Magnolia Event Center located at 205 W. Nolana Avenue, Suites 9-10, legally described as Lot 1, San Juan Plaza Subdivision, as Requested by Jose Santos.

C. Consider Second and Final Reading of an Ordinance for the Voluntary Annexation of the Proposed Hacienda San Fernando Subdivision being out of Lot 7, Block 9 and Lot 5, Block 13, John Closner Subdivision of Porciones 71 and 72, as per map recorded in Volume 0, Page 4, Map Records, Hidalgo County, Texas located approximately a 1,000 feet East of Nebraska Avenue along the South side of Moore Road.

D. Consider Second and Final Reading of an Ordinance for a Conditional Use Permit to Open an Event Center and Sale of Alcoholic Beverages for On- Premise Consumption at the proposed Magnolia Events Center located at 205 W. Nolana Avenue, Suites 9-10, legally described as Lot 1, San Juan Plaza Subdivision, as Requested by Jose Santos.

E. Monthly Collection Report- April 2019.

F. Budget Expenditure Report – April 2019

DISCUSSION: City Manager, Benjamin Arjona informed the City Commission that items C and D are duplicate from items A and B.

Commissioner Jesus "Jesse" Ramirez made motion and approve and was seconded Commissioner Leonardo "Lenny" Sanchez. Motion Passed (5-0).

XI. ADJOURNMENT 6:59p.m

Commissioner Jesus "Jesse" Ramirez made motion and approve and was seconded Commissioner Leonardo "Lenny" Sanchez. Motion Passed (5-0).

CITY OF SAN JUAN, TEXAS

Mario Garza, Mayor

ATTEST:

Diana H. Cavazos, City Secretary

MINUTES OF SPECIAL CALLED MEETING OF THE CITY OF SAN JUAN COMMISSION

DATE: Monday, June 17, 2019

TIME: 5:30 p.m.

PLACE: San Juan Memorial Library
Multipurpose Meeting Room
1010 S. Standard
San Juan, Texas 78589

MEMBERS PRESENT: Mario Garza, Mayor
Pete Garcia, Mayor Pro-Tempore
Jesus "Jesse" Ramirez, Commissioner
Ernesto "Neto" Guajardo, Commissioner
Leonardo "Lenny" Sanchez, Commissioner
Rick Palacios, City Attorney

STAFF PRESENT: Benjamin Arjona, City Manager
Diana Cavazos, City Secretary
Tirso Garza, Chief of Fire
Juan Gonzalez, Chief of Police
Leroy Gonzalez, Director of Finance
Adelaida Cordero, Director of Human Resources
Armandina Segin, Library Director
Patrick Willingham, Director of Parks & Recreation
Roberto Escobar, Director of Planning
Roel Garza, Director of Sanitation/ Public Works
Rene Jaime, Purchasing/Risk Management
David Salinas, Director of Utilities
Mary Enriquez, Court Administrator
Pat Karr, Director of Information Technology

ORDER OF BUSINESS

I. CALL MEETING TO ORDER

Mayor Mario Garza called meeting to order at 12:00p.m.

II. INVOCATION

Pastor Nuno led the Invocation.

III. PLEDGE OF ALLIANCE

Mayor Mario Garza led the Pledge of Allegiance.

IV. PRESENTATION

A. Official Canvassing of Return June 8, 2019, City Runoff Election for Commissioner Place 5.

DISCUSSION: Diana Cavazos, City Secretary stated today the official canvassing results will be read for the election of June 8, 2019. Mrs. Cavazos further stated that for this election 2,093 early vote ballots were casted and 703 Election day ballots were casted with a total of 2,830 ballots casted. Out of those ballots

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1,556 were for Marco “Markie” Villegas and 1,268 for Pete Garci, giving us Mr. Villegas as out winning candidate for Commissioner Place 5.

Commissioner Ernesto “Neto” Guajardo made motion to approve and was seconded by Commissioner Leonardo “Lenny” Sanchez. Motion passed (5-0).

B. Issuing of Certificate of Election and Official Oath of Office to Winning Candidate.

DISCUSSION: Judge Luis Singleterry greeted the public and stated for those that didn’t know him, his name is Luis Singleterry and it was his honor and pleasure to administer the Oath of Office to Marco Villegas. Judge Singleterry congratulated Mr. Villegas and stated that as elected officials he understood how hard it is to be from family and friends. Taking time to campaign, money and energy, it is a sacrifice not only for the person that is running but also for the family. Judge Singleterry further stated that he’s known Marco from his brother Charlie and they have been friends since Kindergarten. Judge Singleterry stated it was an honor to conduct the ceremony.

Commissioner Marco “Markie” Villegas stated he appreciated the opportunity to serve the community. He further stated it was time for a change and being more progressive. Commissioner Villegas mentioned let’s make San Juan on par with everybody else in the Valley. He further stated that’s what he was looking forward to with everyone’s help and support.

V. APPOINTMENTS

a. **Consider Appointment of Member of the City Commission as Mayor Por Tempore.**

Commissioner Ernesto “Neto” Guajardo made motion to appoint Leonardo “Lenny” Sanchez as Mayor Pro Tem and was seconded by Mayor Mario Garza. Motion passed (5-0).

b. **Consider the Removal and/or Appointment of Board Member(s) Related to the San Juan Economic Development Board.**

Commissioner Ernesto “Neto” Guajardo made motion to appoint Leonardo “Lenny” Sanchez as Mayor Pro Tem and was seconded by Mayor Mario Garza. Motion passed (5-0).

VI. ADJOURNMENT

DISCUSSION: Mayor Mario Garza stated that at this time he wanted to thank everyone for being there, a very special moment for the Villegas family but also for the City of San Juan. Mayor Garza further stated there were no excuses to get things done and they were ready to take the ball and run with it. Mayor Garza promised to make a difference since they have a lot of good things lined up, businesses and partnerships.

Commissioner Marco “Markie” Villegas made motion to Adjourn at 12:10 p.m. and was seconded by Commissioner Ernesto “Neto” Guajardo. Motion passed (5-0)

**CITY OF SAN JUAN
CITY COMMISSION MEETING
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CITY OF SAN JUAN, TEXAS

Mario Garza, Mayor

ATTEST:

Diana H. Cavazos, City Secretary

MINUTES OF REGULAR MEETING OF THE CITY OF SAN JUAN COMMISSION

DATE: Tuesday, June 25, 2019

TIME: 6:00 p.m.

PLACE: San Juan Memorial Library
Multipurpose Meeting Room
1010 S. Standard
San Juan, Texas 78589

MEMBERS PRESENT: Mario Garza, Mayor
Ernesto “Neto” Guajardo, Commissioner
Marco “Markie” Villegas, Commissioner
Rick Palacios, City Attorney

STAFF PRESENT: Benjamin Arjona, City Manager
Diana Cavazos, City Secretary
Tirso Garza, Chief of Fire
Juan Gonzalez, Chief of Police
Maria Beltran, Accounting Manager
Adelaida Cordero, Director of Human Resources
Armandina Segin, Library Director
Ruben Guajardo, Assistant Director of Parks & Recreation
Roberto Escobar, Director of Planning
Roel Garza, Director of Sanitation/ Public Works
Rene Jaime, Purchasing/Risk Management
David Salinas, Director of Utilities
Mary Enriquez, Court Administrator
Pat Karr, Director of Information Technology

ORDER OF BUSINESS

I. CALL MEETING TO ORDER

Mayor Mario Garza called meeting to order at 6:00p.m.

II. INVOCATION

Benjamin Arjona, City Manager led the Invocation.

III. PLEDGE OF ALLEGIANCE

Mayor Mario Garza led the Pledge of Allegiance.

DISCUSSION: Mayor Mario Garza stated for the record that he’s aware there is no electricity during the meeting but that they do have quorum present; Mayor Mario Garza, Commissioner Marco “Markie” Villegas and Commissioner Ernesto “Neto” Guajardo.

IV. PUBLIC COMMENTS

No Public Comments.

V. PRESENTATIONS

- A. Presentations on Departmental Reports: Department of Finance, Police Department, Municipal Court, Fire Department, Library and Department of Utilities.

DISCUSSION: Mr. Arjona, City Manager commended our Fire Department, Sanitation Department, Utility Department and everybody that was involved in last night's event, thank you so much. Mr. Arjona stated in the packets there are flyers for the 4th of July Celebration Parade for Wednesday July 3rd, there will be music, waterslides and wrestling. Mayor Mario Garza asked if there was a charge for the parade to which Ruben Guajardo, Assistant Park and Recreation Director replied there is no fee for residents and that there is a fee for any political advertisements. Commissioner Ernesto "Neto" Guajardo thanked Fire Chief, Tirso Garza for having good leadership due to the water that we received in a short amount of time. He added that as the City Commission they worry and are concern about our staff when they are out there helping others and that they appreciate everything they do. Commissioner Guajardo also thanked Police Chief, Juan Gonzalez for having his officer's help out the community. Commissioner Marco "Markie" Villegas added that he appreciated everyone as well as this was his first time as a Commissioner to participate and help our residents with what they needed and he congratulated everyone who went out there to help. Mayor Garza added a small note to thank Fire Chief, Tirso Garza, J.J. Salinas and Rambo, including all our directors as well.

VI. PUBLIC HEARING/ORDINANCES

- A. Hold a Public Hearing and Consider an Ordinance in First Reading for the Comprehensive Plan for the City of San Juan, Envisioning Our Future.

DISCUSSION: Benjamin Arjona, City Manager stated that this project started about a year ago to which Roberto Escobar, Director of Planning and Zoning added that this plan is a guide for the city for the next 20 years. Ms. Ann Bagley, FAICP came forward and thanked all of our department heads for participating and providing a lot of information. Ms. Bagley further stated that Envisioning our Future of the City of San Juan Comprehensive Plan, it's an educational process to do a plan and use it in a lot of different ways as a marketing tool but mainly to make decisions for our city and meet their guidelines. She explained all the sections and mentioned that the section for land use is the section she most invests in because it's how we are using our land now and how we want to use it in the future.

Mayor Mario Garza opened the Public Hearing at 6:18 pm.

Ms. Bagley went ahead and complimented two citizens, Ms. Rodriguez and Mr. Perez who attended the comprehensive plan meetings. Mayor Garza asked about the industrial 38 acres if we could develop in that area. Ms. Bagley replied that it all depends on what we want to do, adding that we want to do a floodway

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that can be used for agriculture of parks. Mayor Garza asked Mr. Arjona for his recommendation to which Mr. Arjona recommended having a lot of development.

Mayor Mario Garza closed the Public Hearing at 6:20 pm.

Commissioner Ernesto “Neto” Guajardo made motion to approve Mr. Arjona’s recommendation was seconded by Commissioner Marco “Markie” Villegas. Motion passed. 3-0

VII. APPOINTMENTS

- A. Consider the removal and/or appointment of board members related to the San Juan Memorial Library.

Mayor Mario Garza made motion to remove Leticia Leija and Mary O Reyes and appoint Teresa Sloss and Jorge Rodea, Commissioner Marco “Markie” Villegas seconded, Commissioner Ernesto “Neto” Guajardo opposed. Motion passed. 2-1

- B. Consider the removal and/or appointment of board members related to the Civil Service Commission.

No Action.

- C. Consider the removal and/or appointment of board members related to the Keep San Juan Beautiful Board.

Commissioner Ernesto “Neto” Guajardo made motion to appoint Nadia Baughman and Jessica Saucedo, was not seconded. Motion died.

Commissioner Marco “Markie” Villegas made motion to remove Eric Guajardo and appoint Homero Villareal Jr., remove Jesse Ramirez and appoint Mario Garza. Mayor Mario Garza seconded, Commissioner Ernesto “Neto” Guajardo opposed. Motion passed. 2-1

VIII. DISCUSSION AND POSSIBLE ACTION ON ALL THE FOLLOWING MATTERS

- A. Discussion and Possible Action to Approve a Budget Amendment out of Retained Earnings in the Utilities Department in the Amount of \$84,500 and \$97,000 out of account 556-600.7957 for a total of \$181,500.

DISCUSSION: Mr. David Salinas, Director of Utilities stated the request for a budget amendment to retain earnings for capital items is for pumps. Since the structure was built in 2014 they are able to use the pumps and plug them into the current trucking supply to water the water Plant No. 1. Mr. Salinas added that he would like to use those monies and amend the current budget to cover the cost for current repairs at the water plant, and repair the 24 x 24 storage room. Mayor Mario Garza asked if he would be okay with this amount to which Mr. Salinas responded yes.

Mayor Mario Garza made motion to approve and was seconded by Commissioner Ernesto “Neto” Guajardo. Motion passed (3-0).

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- B. Discussion and Possible Action to Remove and Solicit Requests for Qualifications for an Agent of Record for Employee Insurance Benefit.

DISCUSSION: Mayor Mario Garza asked how long would the process take to which Mr. Rene Jaime, Purchasing/Risk Manager responded that it could take more than a month since Blue Cross Blue Shield would have to share their experience, their census information and then it needs to be posted for at least 10 days. Commissioner Ernesto “Neto” Guajardo asked if Blue Cross Blue Shield was the company he was recommending to which Mr. Jaime replied that there was no recommendation. Commissioner Guajardo stated to go out and get bids to which Mr. Jaime informed the City Commission that the item says “Discussion and Possible action to remove and solicit request for qualifications for an agent of record for Employee Insurance Benefits”. Rick Palacios, City Attorney informed the Commission that the agenda item talks about request for qualifications for an agent of record, so there’s an agent of records and then we have insurance companies and for the moment they were talking about the agent of records. City Council informed that the city has the power to recognize whoever they want as agent of records, the different services that are being provided and workers comp, but mostly we want to select our agent of records. Mr. Palacios further stated therefore the agent of records depending on the removal if selected then the City Council would have to go for RFQs for the agent itself and then Mr. Jaime will proceed by shopping for insurance providers. Mayor Garza asked by when we needed to finalize this item as far as making a decision. Ms. Adelaida Cordero, Human Resources Director replied that they try to finalize it once the new budget starts. City Council, Rick Palacios added that it would be good to start with the process right now because once we recognize an agent all of the other companies know who they’re dealing with so that they can help us. Mr. Jaime informed the City Commission that at this time the City Manager asked Blue Cross Blue Shield to provide the rerate to make plan for a budget but they came back with the rate for the exact insurance that we have right now, but with a significant increase they also offered an alternative plan which is a smaller network with 4 percent increase. Mayor Mario Garza asked what percentage was that increase to which Benjamin Arjona, City Manager replied about 21%.

Commissioner Marco “Markie” Villegas made motion to approve and was seconded by Mayor Mario Garza. Commissioner Ernesto “Neto” Guajardo opposed. 2-1

IX. CONSENT AGENDA

- A. Consider Second and Final Reading of an Ordinance for Rezoning Request from Multi-Family Residence District (R-MF) to Single-Family Residence District (R-S) of the West 10 Acres of the East 20 Acres of Lot 3, Block 39, Alamo Land and Sugar Company’s Subdivision, located Approximately a Quarter of a Mile West of Cesar Chavez Road, along the South Side of Sioux Road, as Requested by Omar Rios.
- B. Consider Second and Final Reading of an Ordinance for a Conditional Use Permit for the Sale of Alcoholic Beverages for On-Premise Consumption at “Lisa’s Sports Pub” Located at 1209 E FM. 495, Suite 4, Legally Described as Lot 30, Morning-Wood Subdivision, as Requested by Elisa Gamez.

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- C. Consider Second and Final Reading of an Ordinance for a Conditional use Permit for the Sale of Alcoholic Beverages for On-Premise Consumption “Armbar Sports Pub” located at 1618 N. Veterans Boulevard, Suite E, Legally Described as 3.42 acre Tract of Land out of the West 335 feet of the North 440 feet of Lot 12, Block 5, John Closner Subdivision, as Requested by Marena A. Treviño.

- D. Monthly Collection Report – May 2019

Commissioner Ernesto “Neto” Guajardo made motion to approve and was seconded by Commissioner Marco “Markie” Villegas. Motion passed. 3-0

X. EXECUTIVE SESSION

- A. The San Juan City Commission will convene in Executive Session, in accordance with The Texas Open Meeting Act, Vernon’s Texas Statutes and Codes Annotated, Government Code, Chapter 551.071 (Consultation with Attorney and Texas Government Code).

1. Pursuant to Section 551.071 CONSULTATION WITH ATTORNEY
(Comprehensive Study Update).

DISCUSSION: City Manager, Benjamin Arjona informed the City Commission that we’ve been working with the comprehensive study within this past year, we will be receiving options and we will have a workshop about the rate study.

City Manager, Benjamin Arjona recommended to take no action.

XI. RECONVENE

XII. ADJOURNMENT 6:33 p.m.

Commissioner Ernesto “Neto” Guajardo made motion to adjourn and was seconded by Commissioner Marco “Markie” Villegas. Motion passed. 3-0

CITY OF SAN JUAN, TEXAS

Mario Garza, Mayor

ATTEST:

Diana H. Cavazos, City Secretary